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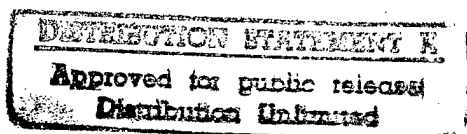
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# ***JPRS Report***



## **East Asia**

***Vietnam: TAP CHI CONG SAN***

No 6, JUNE 1987

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EAST ASIA

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[Except where indicated otherwise in the table of contents the following is a complete translation of the monthly theoretical and political journal of the Vietnam Communist Party published in Hanoi.]

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## A NEW STEP IN THE QUALITATIVE DEVELOPMENT OF VIETNAMESE-SOVIET RELATIONS

Hanoi TAP CHI CONG SAN in Vietnamese No 6, Jun 87 pp 1, 2

[Unattributed article]

[Text] Quoted from Nguyen Van Linh: "Results of this visit mark a new qualitative development in the friendly relations and comprehensive cooperation between our two parties and nations."

From 17 to 22 May 1987, Comrades Nguyen Van Linh, general secretary of the CPV Central Committee, paid an official friendly visit to the Soviet Union. This visit was crowned with splendid success.

During their exchanges of opinions and talks, Comrade General Secretaries M.S. Gorbachev and Nguyen Van Linh expressed their identity of views on pressing problems regarding the cause of building socialism as well as the foreign policies of the two parties. Both sides showed the determination of the two parties to consolidate and strengthen the friendly relations and comprehensive cooperation between Vietnam and the Soviet Union on an increasingly larger scale and in diversified forms.

The content of the talks on the international situation indicated the profound, firm understanding and confidence between the two parties; the increasingly close coordination between the two sides in international activities for the interests of the two peoples as well as for the cause of maintaining peace, friendly relations between nations and the right of mankind to live on the earth.

Results obtained during the visit by Comrade General Secretary Nguyen Van Linh have been the source of great encouragement for our entire party and people.

Once again, our party and people have seen another great event manifesting the long-standing faithful affection between our two nations, which is developing profoundly and intimately with each passing day.

The Vietnamese communists and people warmly welcome the splendid success of our comrade party general secretary's official friendly visit to the USSR.

CSO: 4210/11

SRV-USSR JOINT STATEMENT

Hanoi TAP CHI CONG SAN in Vietnamese No 6, Jun 87 pp 3-7

[Text] The general secretary of the Central Committee of the Communist Party of Vietnam Nguyen Van Linh stayed in the Soviet Union on an official friendly visit from May 17 to 22, 1987 at the invitation of the Central Committee of the CPSU.

Talks were conducted between the general secretary of the CPSU Central Committee Mikhail Gorbachev and Nguyen Van Linh.

Also attending the talks on the Vietnamese side were member of the Political Bureau of the CPV Central Committee, Secretary of the CPV Central Committee Do Muoi; member of the Political Bureau of the CPV Central Committee, Deputy Chairman of the Council of Ministers, Minister of Foreign Affairs of the SRV Nguyen Co Thach; member of the CPV Central Committee, Head of the office of the CPV Central Committee Hong Ha; member of the CPV Central Committee Hoang Bich Son; member of the CPV Central Committee, First Deputy Chairman of the SRV State Planning Committee Dau Ngoc Xuan; member of the CPV Central Committee, Ambassador of the SRV in the USSR Nguyen Many Cam, alternate member of the CPV Central Committee, Assistant to the General Secretary of th CPV Central Committee Le Xuan Tung.

On the Soviet side were N. Ryzhkov, Politburo member of the CPSU Central Committee and chairman of the Council of Ministers; Y. Ligachev, Politburo member and secretary of the CPSU Central Committee; E. Shevardnadze, Politburo member of the CPSU Central Committee and minister for foreign affairs; N. Talyzin, alternate Politburo member of the CPSU Central Committee, vice chairman of the Council of Ministers and chairman of the State Planning Committee; V. Kamentsev, member of the CPSU Central Committee, vice chairman of the Council of Ministers and chairman of the State Committee for Foreign Economic Relations; G. Sharkhnazarov, first deputy head of the Commission for External Relations of the CPSU Central Committee; D. Kachin, member of the CPSU Central Committee and ambassador to Vietnam.

There was a separate meeting between Nguyen Van Linh and Mikhail Gorbachev.

The in-depth exchange of views, held in the atmosphere of traditional friendship and mutual understanding, confirmed the common approaches of the

CPV and CPSU to pressing questions of socialist construction and international politics.

Nguyen Van Linh spoke about the fulfillment of the decisions adopted by the 6th CPV Congress, the process of renewal that has started in the country in the sphere of economic management and is directed at an all-round stabilization of the socio-economic situation, the creation of prerequisites for a gradual expansion of the scale of socialist industrialization and advancing the country.

Mikhail Gorbachev spoke highly of the creative, realistic course of renewal worked out by the 6th CPV Congress, confirmed the Soviet Union's support of this course and wished the Vietnamese people a successful fulfillment of the decisions of the congress.

When informing Nguyen Van Linh about the life of the party and the Soviet Union, Mikhail Gorbachev noted the crucial nature of the present stage in the development of the Soviet society, the depth and consistency of the process of renewal started on the initiative of the CPSU.

Nguyen Van Linh expressed the CPV and the Vietnamese people's feelings of profound admiration for the services to mankind of the Soviet Union and its tremendous contribution during the past 70 years to the struggle for peace and socialism.

The Vietnamese communists and the entire Vietnamese people are inspired by the profound revolutionary restructuring effected in the USSR in accordance with the course of the 27th CPSU Congress and the January 1987 plenary meeting of the CPSU Central Committee. It embodies the creative force of Marxism-Leninism and gives the fraternal parties valuable experience which can be used by them with due account for the concrete conditions of their countries.

The talks centered on questions of bilateral relations.

The Vietnamese and Soviet peoples treasure the friendship and fruitful interaction between the CPV and the CPSU, the SRV and the USSR which have a long and glorious history. The Vietnamese-Soviet brotherhood has formed under the influence of the ideas of the great October Socialist Revolution, the light of which was brought to Vietnam by the outstanding communist of the Leninist school, Ho Chi Minh, and his dedicated associates.

Having passed the trial of lengthy revolutionary struggle the fraternal relations of the two peoples are becoming increasingly closer.

Nguyen Van Linh expressed the sincere gratitude of the CPV and the Vietnamese people to the CPSU and the Soviet people for the invariable support of and the big and generous assistance to the SRV in the struggle for national liberation, in the cause of building socialism and defending the homeland. He confirmed that the further strengthening of cohesion and all-round cooperation with the Soviet Union is a cornerstone of the Communist Party of Vietnam.

The leaders of the CPV and the CPSU expressed the resolve of their parties to expand cooperation at various levels, make an in-depth study of each other's experience and perfect Vietnamese-Soviet relations on the basis of the principles of Marxism-Leninism and socialist internationalism, the treaty of friendship and cooperation between the SRV and the USSR, the 10th anniversary of which will be celebrated in 1988, the long-term program of developing economic and scientific-technical cooperation between Vietnam and the Soviet Union.

The sides especially emphasized the importance at the new stage of the Vietnamese-Soviet treaty which accords with the interest of building socialism and communism in the two countries, the cause of peace in Southeast Asia, the Asia-Pacific region and in the whole world.

It was stressed that the growing scale of Vietnamese-Soviet interaction, the new approaches to questions of the socio-economic development of their respective countries worked out by the 27th CPSU Congress and the 6th CPV Congress persistently demand an increase in the effectiveness of cooperation in the direction of socialist integration, international division of labor, co-production and specialization of production and a more active use of the principles of socialist economic management.

In the coming years, the Vietnamese-Soviet economic cooperation will be concentrated on the production and processing of agricultural produce, the output of consumer goods, the development in the SRV of the power industry, transport as well as machine-building, electronic, chemical and mining industries on the full utilization of the existing production capacities and labor resources. Agreement was reached on the vigorous development of cooperation not only on the interstate level but also on the level of ministries and enterprises.

The two sides will search for new highly effective forms and fields of cooperation. They will set up joint amalgamations and enterprises, take the necessary measures to modernize enterprises built with the USSR's technical assistance and insure the operation to full capacity.

Cooperation in the scientific-technical field will be expanded, first of all to insure the three major economic programs determined by the 6th CPV Congress, and also in the training of scientific managerial personnel and skilled workers.

A number of agreements on Vietnamese-Soviet economic cooperation were signed during the visit.

The sides agreed that the Soviet Union will help Vietnam in working out a long-term economic development program.

The Vietnamese and Soviet leaders declared for the adoption of a number of additional measures to develop economic ties between Vietnam and the Soviet Far East.

Agreement was reached on the setting up of a Vietnamese-Soviet inter-governmental commission on cultural cooperation, on increasing exchanges between the creative art associations of the two countries. The days of Soviet culture in the SRV (1987), devoted to the 70th anniversary of the Great October Revolution, and the days of Vietnamese culture in the USSR (1990), timed to coincide with the 45th anniversary of the proclamation of Vietnam's independence and the centenary of the birth of President Ho Chi Minh, are to become major events.

The sides will continue their interaction in the training and retraining of specialists in the field of culture, the study of the Russian language in Vietnam and the study of the Vietnamese language in the Soviet Union.

Nguyen Van Linh and Mikhail Gorbachev confirmed the principled line of the CPV and the CPSU of further strengthening the unity and cohesion of the socialist community, of developing to the maximum the initiative, vigor and creativity of each party and country.

They noted the definitive importance of working meetings held by the top leaders of fraternal parties for working out agreed-upon directions of the mutual cooperation and the common course of the countries of the socialist community in international affairs.

The participants of the talks declared for further perfecting the mechanism of conferences of central committee secretaries of the fraternal parties, for making other forms of the multilateral cooperation of socialist countries more effective.

The SRV and the USSR will further closely interact in the interests of deepening socialist economic integration, fulfilling the comprehensive program of the scientific-technical progress of member countries of the Council for Mutual Economic Assistance (CEMA) to the year 2000 and perfecting the CEMA's activities.

The Soviet Union will take an active part in drawing up within the framework of the Council for Mutual Economic Assistance a program for helping the national economic development of Vietnam, Mongolia and Cuba in its efficient implementation.

The exchanges of opinions reaffirmed the identity of views held by the CPV and the CPSU on pressing international problems, the determination of Vietnam and the Soviet Union to actively interact to strengthen international peace and general security, and their solidarity with popular struggles for national independence and social progress.

Mikhail Gorbachev spoke about the activities of the CPSU and the Soviet state to promote Soviet initiatives for lessening international tension and about the Soviet Union's practical steps to affirm a new mode of political thinking in world affairs and develop relations of good neighborliness and cooperation in Europe, Asia and other parts of the world.

A description was given of the present state of Soviet-U.S. relations and the course of talks on nuclear and space arms in Geneva, and stress was laid on the fundamental significance of a Soviet proposal for eliminating the Soviet and U.S. medium-range missiles from Europe and embarking on talks without delay for reducing and subsequently eliminating the theatre missiles on station on the European contingent.

Nguyen Van Linh reiterated complete support by the CPV and the Vietnamese people for the new and important peace initiatives by the USSR. He said that the Soviet Union, pursuing a Leninist foreign policy, is the principal motive force in efforts for easing tension, fending off the threat of a nuclear war and enhancing peace and security throughout the world.

The leaders of the CPV and the CPSU expressed resolve to do everything to break the dangerous trend in world development, stop the arms race on earth, prevent its extension to outer space and make sure that the enormous funds now spent on military purposes will be directed instead to solving urgent problems, most notable those in developing countries.

Vietnam and the Soviet Union are firmly committed to the idea of turning the Asian-Pacific region into a region of peace, stability, good neighborliness and cooperation through joint efforts by all states of the region and an all-round approach to the problems of insuring its security. The realization of this idea would be facilitated by a just settlement of existing conflicts by political means, the non-buildup and non-proliferation of nuclear weapons in the region, a scaling down of naval activities in the Pacific, the implementation of practical measures to establish nuclear-free zones, cuts in armed forces and conventional armaments and the creation of an atmosphere of mutual trust.

Both sides stressed the importance of reducing tension in Southeast Asia as soon as possible. The Soviet Union supports the resourceful policy of Vietnam, Laos and Cambodia directed at improving the political climate in Southeast Asia and developing friendly relations with the ASEAN countries and other nations in the Asian-Pacific region.

Vietnam and the USSR identify with the national reconciliation policy of the government of the People's Republic of Kampuchea, whose realization would meet the vital interests of the Cambodian people and their right to decide their destiny themselves and help restore peace in the region. The internal problems of Cambodia should be solved by the Cambodian people themselves.

Vietnam and the Soviet Union believe that the search for ways of settling the international aspects of the Cambodian problem by political means should be conducted with regard to realities in the region and with the involvement in this or that form of all sides concerned. Vietnam and the Soviet Union are strongly for giving Cambodia its lawful place in the United Nations and other international organizations.

The Soviet Union invariably supports efforts by the working people of the Socialist Republic of Vietnam, the Lao People's Democratic Republic and the People's Republic of Kampuchea to lay the foundations of socialism, protect

the independence and national sovereignty of their countries and strengthen their fraternal alliance and all-round cooperation, which is an important factor for peace and stability in Southeast Asia.

The leaders of the CPV and the CPSU stressed the constructive nature of the Afghan government's policy aimed at achieving national reconciliation in the Democratic Republic of Afghanistan and a political settlement of the situation regarding that country and of the Afghan people's efforts to build a sovereign, independent and non-aligned Afghanistan.

The participants in the talks pointed to a desire by their countries to normalize and improve relations with the People's Republic of China, which would be a major positive factor for stronger stability in Asia and in international life in general. They would also greet China's active involvement in the search for ways of solving the complex problems of the Asian continent. The Soviet side supported Vietnam's initiative for holding Vietnamese-Chinese talks with a view to settling contentious issues as soon as possible.

The conviction was expressed during the talks that improvements in the situation on the Korean peninsula would be facilitated by the realization of proposals by the Democratic People's Republic of Korea for resuming dialogue between the North and South of Korea and creating a nuclear-free zone there.

Solidarity was reaffirmed with a proposal by the Mongolian People's Republic for creating a mechanism to exclude the use of force in relations between states in Asia and the Pacific. Vietnam and the USSR attach much importance to the Delhi Declaration and the principles recorded there for building a world free from nuclear weapons and violence and think highly of India's contribution to resolving regional and general international problems in the interests of stronger peace and stability on the Asian continent and throughout the planet.

The Vietnamese and Soviet leaders hailed the active role of the non-aligned movement in efforts against imperialism, neo-colonialism and racism and for an end to the arms race, for eliminating nuclear weapons and for peace and international security.

During their stay in Moscow, Nguyen Van Linh and the persons accompanying him laid wreaths at Vladimir Lenin's mausoleum and at the Tomb of the Unknown Soldier at the Kremlin wall and visited the museum "Vladimir Lenin's study and apartment in the Kremlin." Flowers were also placed at the memorial plaque honoring Ho Chi Minh and at the site of a future monument to him.

The Vietnamese leaders had a talk at the executive committee of the Moscow City Soviet, visited the exhibition of the economic achievements of the USSR, saw new residential areas in the Soviet capital, attended a rally of Soviet-Vietnamese friendship at the footwear factory Parizhskaya Kommuna and familiarized themselves with the accomplishments of its work collective. A meeting was held with activists of the Soviet-Vietnamese Friendship Society.

Nguyen Van Linh expressed deep gratitude for the warm and cordial reception accorded him and the persons accompanying him.

The visit by Nguyen Van Linh, general secretary of the CPV Central Committee, to the USSR was a striking demonstration of the inviolability of Vietnamese-Soviet friendship. The talks held in Moscow mark a further important step in improving and developing the entire package of relations between the CPV and the CPSU and between Vietnam and the USSR and in deepening the two countries' interaction on the international scene in the interests of peace and international security.

On behalf of the CPV Central Committee, Nguyen Van Linh conveyed to Mikhail Gorbachev, general secretary of the CPSU Central Committee, an invitation to pay an official friendly visit to Vietnam. The invitation was accepted with gratitude.

CSO: 4210/11

## PROBLEMS OF DISTRIBUTION AND CIRCULATION--NEW SOLUTIONS BASED ON NEW VIEWPOINTS

Hanoi TAP CHI CONG SAN in Vietnamese No 6, Jun 87 pp 8-16

[Article by Vo Van Kiet]

[Text] Distribution and circulation have always been a "hot issue" for many years now. Although the party and state have issued many resolutions, the situation not only has not improved considerably but has become increasingly serious every day.

In the Second Plenum of the 6th Party Central Committee, measures were discussed and decisions made to solve the problems of distribution and circulation and to further materialize the 6th Party Congress resolution.

As a factor in the process of recycling social production, distribution and circulation are both the premise and condition and the result of production. Resolving the problems of distribution and circulation is in fact to eliminate the troubles of "input" and "output" of the production process, opening the way for this process to operate smoothly.

At present, although our potentials in all fields are not small, we have not brought our existing capacities into full play. This failure is partly due to shortages of the material factors (such as materials, energy, old equipment). However, the important point is that even the currently available energy and materials have not been used properly for the right targets and have been wasted seriously, causing a decrease in productivity, quality and effectiveness. Although social products are still at low level and are increasing slowly, the rates of development range from 6 to 7 percent. Nevertheless, the situation remains tense mainly because of troubles in distribution and circulation. Mistakes in distribution and circulation have caused an incongruous situation: while the state agencies have concentrated effort and facilities on production, the workers themselves lack enthusiasm. The danger of economic decline has stemmed from such a situation.

Therefore, in the present situation, when we cannot underestimate the importance of material conditions for production but must create more of them in an extremely urgent fashion, what is even more pressing is that we must correctly set forth various distribution and circulation policies to liberate

the productive forces of all economic elements. Once the productive forces are liberated and workers seek every way to overcome difficulties and develop production, the fundamental conditions will then be created for better resolving distribution and circulation problems.

The problem raised is that what system should we follow to resolve the distribution and circulation problems? The burning experiences of 1986 have indicated: we must correctly apply all economic laws, eliminate the system of bureaucratic centralism and subsidy and definitively shift to socialist accounting and business. If we only adjust prices, wages and money while maintaining the system of bureaucratic centralism and subsidy, prices will continue to increase, inflation will become worse, overdraft will be great and real income will fall even more. This will be an impasse, the more we work, the more trouble we encounter.

Resolving the distribution and circulation problems and specifically the problems of prices, circulation of goods, finance, money and wages in accordance with the system of socialist accounting and business also means better applying the objective economic laws that are functioning in our economy of which the fundamental economic law of socialism plays the leading role. At the same time, we must properly apply the law of values and the relations of goods, money, supply and demand.

Experience obtained over the years also permits us to reach the following conclusion: the process of resolving the questions of distribution and circulation in accordance with the system of economic accounting and socialist business is one that involves many steps and cannot be done in a rush without necessary preparations and preconditions. Every step must be weighed in such a way as to suit the specific conditions of each particular sector, locality or establishment. Yet, it is necessary to emphasize here that we should not stop with the formula of "fighting bureaucratic centralism while opposing departmentalism, localism, disorganization and indiscipline" in a "positive and steady" manner and should not follow our shopworn work method as it will lead us nowhere. Although we will have to weigh our steps in accordance with practical conditions, we should not sway in our strategic target of discarding bureaucratic centralism and state subsidies and carrying out economic accounting and socialist business.

We have talked a lot about our production potentials--including land, forests, seas and existing material-technical bases--now being exploited at too low a level. What is of greater concern is that tens of millions of laborers--the most decisive production force of which the valuable contingent of scientific and technical cadres is a part--have not yet developed to the fullest their talents and intelligence. Even worse, there is a lack of enthusiasm among these people over their own work. It would be unfair to blame this situation on a "lack of socialist awareness" and "a loose sense of organization and discipline" on the part of the laboring people.

If we have to specify the main reason for containing our production potentials--something totally contrary to the ideals and goals of socialism--then we can say that it is due to existing economic policies, including those in the field of distribution and circulation.

Releasing the peasantry's production potentials is now very important and urgent. Releasing the production potentials of tens of thousands of cooperatives and production collectives as well as of tens of millions of peasants is a decisive factor for feeding the entire society and for creating raw materials, export goods and more markets needed for industrial development. That is, creating the most important conditions for implementing the three major economic programs for the 5 years of 1986-90. We all know that when conceiving the new economic policy aimed at bailing the Soviet Union out of an extremely dangerous socio-economic situation during the post-civil war period, Lenin said: "It is mandatory to start with peasants." Reality shows that speaking about the need to strengthen the worker-peasant alliance and to regard agriculture as the most important front and food grain are the number one priority without concentrating on making investments in agriculture and especially in resolving appropriately the questions of purchase prices for farm produce as well as the circulation of marketable farm produce with a desire to fix prices in an arbitrary manner--that is, to force peasants to accept low prices--and to continue creating obstacles to the legal circulation of marketable farm produce will amount to empty words. This will also bring about disastrous results. Apparently peasants are not enthusiastic about production at present. A major reason for this is that many policies are not appropriate and consistent.

From practice we can draw this clear-cut conclusion: the first and main thing is that the policy on goods exchange with peasants must be revised. From now on, besides taxes which are an obligatory duty, all exchanges of goods with peasants and state-run economic organizations must strictly comply with regulations on the production of goods in the principle of equality and price parity. If buying and selling is done in a coercive fashion, it will inevitably lead to the bad practice of creating inconveniences and limiting the circulation of marketable farm produce so the state can "get hold of products." But in reality, goods have slipped out of the state's hands. Eventually, the state will be driven into a passive position, thus forcing it to run after goods. Although having repeatedly raised the purchase prices on one crop after another, it is still not possible to catch up with the rise in prices and has suffered countless losses. Obviously, in trying to achieve subjectivity not only have we been unable to resist manipulation by the objective economic law, but we have also been severely punished by this law.

It is food for thought when we calculate the trifling amounts of grain producers and fail to recognize the prices already established in the domestic market, but we gird our loins in spending foreign exchange and are ready to seek loans in order to "buy rice" from the free market abroad. This is contrary to our plan, because it stifles our own inherent potentials.

Liberating the productive force of the working class is also a very urgent problem in state-run enterprises. We have, at several times, stressed the extremely important position and role of the state-run economy. However, for many years now, the subsidy system--maintained at too high a level--and the system of bureaucratic centralism have become invisible strings that bind and restrain the motive force to develop segments of production of the working class, gradually weakening the healthy body of the state-run economy.

This problem should be considered and settled comprehensively. Particularly, with respect to distribution and circulation, it should be asserted that liberating the working class' productive force, guaranteeing the right of enterprises to autonomy in production and business, and attentively consolidating and intensifying the leading role of the state-run economy to make it a true example of prolific business basically creates conditions for and compels state-owned enterprises to definitively adopt the system of socialist accounting and business, accept and apply scientific and technical innovations, reduce production costs and raise product quality.

The problem to be solved here is enterprises' "input" and "output." This is to determine the costs of the means of production and consumer goods prices an issue closely related to the settlement of prices, wages and money.

What is of primary and decisive significance in the elimination of subsidies is to satisfactorily determine the costs of imported and domestically produced means of production and, on this basis, to determine depreciation and calculate other production expenses in close association with realities, while dealing with the output in line with the established commercial business prices. This will urge state-owned industrial enterprise to shift to socialist accounting and business. However, if we continue to maintain the system of bureaucratic centralism and subsidies, there is no way to determine the norms for material and labor losses to eliminate the negative and irrational factors in the system of wages, and to streamline the cumbersome machinery. This would inevitably result in making production costs higher than industrial wholesale prices and consequently, raising retail prices. Evidently, the state-owned revenues would be reduced or sometimes undergo losses which would lead to an overdraft of the state budget.

We must of course determine the costs of the means of production scientifically. The most positive way to "gradually" eliminate subsidies is not by "gradually" entering inputs but by taking bolder steps. We must correctly and adequately calculate inputs and force enterprises to deal with irrationalities in production and business, economize on materials and energy, reduce their non-staff personnel and so forth in order to lower production costs and do profitable business. At the same time, the state must handle the output, determine the selling prices of goods in accordance with the pricing and consumption policies in order to benefit production and life. Although some temporary compromises can be made, we must do this in order to create conditions for healthily promoting state-run enterprises along the line of fair purchases and sales. Only in this way can workers advance realistically toward mastering their enterprises.

Market and prices are very closely related to the whole process of distribution and circulation. As a result, we must adopt an attitude to properly deal with market. As our party has asserted, our country is in the initial stage of the transition period and the economy is still composed of many elements. Obviously, each element is carrying out its own process of recycling production in various domains and at different levels. This complicated evolutionary process has allowed the activities of these economic elements to intermingle and interpenetrate one another to the point that no economic element can have a completely independent market for itself. It is

obvious that the social market in our country is a market for many economic elements among which the state-run element is the most powerful and must maintain the controlling role. The socialist trade force has the full capability and legal status of the greatest "businessman" who hold the leading role in orienting market activities. We cannot maintain the narrow-minded concept that the organized market is confined within the network of commodities and trade shops owned by the state and collectives and subsidized to purchase at high prices and sell at low prices as it is supported by the state, and in opposition to such a market is "the free market" that is viewed by many people as full of negative factors such as speculation, smuggling and other illicit businesses. Although such a view is correct and we should struggle to prevent such negative factors, we should realize clearly that the organized market built by ourselves is also rife with negative factors.

The question is why has our strength and position become weak and the unorganized free market surpasses us every day? Although there are many causes, it is mainly the mistakes in our knowledge and our acts at variance with the objective law which are manifested in the current economic policies.

Although we always have the strength of proletarian dictatorship and abundant economic potentials, we are afraid of doing business "along the line of traders" as Lenin pointed out. As a result, faced with a market having many "complicated" and "changing" economic elements, the state-owned economic forces--primarily the trade force--cannot develop their strength to control the market and prices, and gradually expand their business operations. Then, the "large traders" become resigned to having their hands tied and leave the battleground to small merchants, speculators, and other illegal traders to rule the roost. They have rallied with a segment of peasants and craftsmen and even with some state-owned production units to create sinuous and complex "underground" traffic "channels" to eviscerate the state which no administrative measures can control and prevent.

The fundamental problem now is that the socialist economy must swiftly and vigorously shift to efficient business and dash forward to occupy the market by using its own force and effective economic methods, including the initiative to seize and recover a large segment of "price differentials" in the market. The current differences in prices are caused by two factors: the objective imposition of state prices and the differences in social labor productivity and the supply-demand relations among various zones. The first objective cause will be eliminated when we begin to deal gradually with the system of rational pricing. If we do not deal with prices according to law, we will not be able to oppose attempts to make profits from differences in prices. As for the second factor that exists objectively in the circulation of goods, all socialist business organizations must know how to seize it. This problem will be overcome gradually along with adopting the policy of releasing circulation on a national scale.

We must lift the administrative bonds on the flow of goods so that goods circulate normally. If socialist trade can truly shift to business, it will be fully capable of controlling the market, prices and other distribution systems. The recent removal of checkpoints along various communications lines has begun to generate new life in the flow of goods. Of course, we must

foresee the problem involving the spontaneous development of negative phenomena and must, therefore, seek ways to overcome them. Anyway, it is necessary to point out that obstructions to the flow of goods are, at least, not as dangerous as the serious scarcity of consumer goods and disturbances in the people's livelihood.

The truth of the matter is that there exists a one-to-ten difference between the prices set for fuel, materials and spare parts supplied by the state and by the black market. This great difference has created enormous disadvantages for the state budget and led to congestion and disorder in the flow of goods, thus providing major loopholes for the degenerates deviates to make profits and create more negative phenomena.

An urgent task to be carried out at present is to adopt simultaneous measures to check price increases, conduct intensive study to adjust state-established prices--which have become very unreasonable, and effect a rational change in the pricing system.

The basis on which to deal with prices this time is the commercial business prices, the normal selling prices of large numbers of goods and corresponding with these prices are the agreed-upon purchase prices of agricultural, forestry and marine products. This is the solution relevant to the current real situation, because these prices both reflect the value and suit the real purchasing power of money and the established supply-demand relations. Obviously, proper and gradual steps should be taken in the process of adjustment, not to cause sudden changes in the market and prices.

It is necessary to adjust the retail prices of consumer goods, because in fact localities have sold them at much higher prices than the centrally prescribed ones. If centrally-published retail prices are maintained, the central budget would suffer a big deficit. Thus, the state, while not raising the retail prices, recognizes the prices established in reality. Evidently, recognition does not mean passive acceptance but means initiative to gradually rearrange prices for more rationality.

In the long-range, liberating the productive force to develop production, promote all potentials and initiative, lower production costs and increase productivity, quality and effectiveness serves as a base for firmly maintaining the established prices and creating premises to gradually stabilize prices. However, we must admit that in the current economic situation of our country, the continually soaring prices constitute a realistic trend. The problem is that we must actively take positive measures to reduce price increases and advance toward stabilizing prices.

The key task in the whole system of finance and money at present is to gradually reduce and eventually stop inflation. The main cause of inflation is the issuing of banknotes to cover budgetary expenses. The more banknotes we issue, the higher prices will increase and the more banknotes we must issue to cover expenses.

The root cause of a budgetary deficit is mainly economic policies that do not create a motivating force for development, restrain production and reduce

productivity, quality and effectiveness. The direct cause of a budgetary deficit is spending beyond revenues. To be more accurate, while we have not created more sources of revenue (by stimulating and expanding production and circulation, by increasing productivity, quality and effectiveness and so forth), we are unable to cut down excessive spending and reduce irrational and even senseless expenses (such as compensation for losses).

We have on many occasions called for "increased revenues and reduced spending." In practice, however, not much has been achieved in increasing revenue or reducing spending. The result is that inflation has continued to skyrocket. Therefore, we cannot rely merely on efforts to increase revenue and reduce spending. The problem is that we must release all productive potential and create an abundant source of income with which we can make appropriate investment when needed. Admittedly, cutting down on investments for capital construction is against our will. We have no choice but to do it resolutely. There are people who have striven to work hard, work fast and work beyond their capacity thinking that this would help them achieve a quick advance to socialism. In fact, they could only make very slow progress. Working step by step, rationally, firmly and effectively is the best way to achieve quick and steady advancement even though this method appears to be slow at first glance.

The largest share of state revenue is from the state-run economic sector. By shifting vigorously to economic accounting and socialist business and applying the system of self-financing, not only will state enterprises be able to stop receiving state subsidies through compensations for price differences and for losses but they will be able to achieve capital accumulation in this area.

There is another very important source of revenue. It is tax--a very effective tool to balance the budget, redistribute national income and achieve social justice. In our country, tax now has yet to be given appropriate attention and exploited in a way that fits its meaning and its importance. It is time to conduct a comprehensive study on tax policy. On the basis of boosting production and accelerating social reform, we must redistribute national income and generate an abundant source of income for the state budget. The new tax policy must be revised in the direction of reducing tax for the production sector, discarding all forms of irrationally collecting taxes at will from the laboring people, including those in urban and rural areas, giving tax exemptions or favorable tax to export services and, particularly, giving tax incentives or tax exemptions for a certain period of time to those investment plans for priority targets.

Money sent home by overseas Vietnamese, a source of foreign currency-based income, is of economic, political and social significance. This source of income should have been vigorously generated. But, regrettably, we have failed to do so for years. Of late, the state has issued a decision to lift the restriction on the amounts and number of times money and goods can be sent home and encourages the remittance of money, equipment, raw and processed materials and replacement machine parts by offering a satisfactory exchange rate. It is necessary for us to do away with narrow-minded preconceptions and with procedures inconvenient to those receiving money or goods sent home from abroad.

Practicing thrift is regarded as a "national policy" and has been brought up for many years now. But this policy has, in fact, not yet been implemented adequately and correctly. Wasteful spending continues to be a serious problem, especially in various state organs. Obviously, we cannot maintain a state of overspending that has gone beyond our income capacity. It is necessary to closely check and categorically cut down on those wasteful expenditures.

On the basis of expanding various sources of income, it is necessary to plan our expenditures appropriately. We must pay adequate attention to funding educational, public health, cultural and social activities as this has long been given less attention, resulting in an alarming poor quality of academic and scholastic as well as medical examinations and treatment activities.

In monetary circulation, everyone has realized the disastrous impact of inflation on socio-economic activities. They want to limit the putting of money into circulation. Only a few are concerned about the danger of a cash shortage as this may prevent the state from promptly meeting the demands of economic activities such as those for purchasing food grain and other farm produce. At times, this may result in losses amounting to hundreds of millions of dong. The shortages of funds to pay school teachers and health cadres and to defray expenses incurred in the implementation of social policies have also caused a complicated psycho-social situation. That is why we must clearly determine under what circumstance the putting of more money in circulation is necessary and under what circumstance such a move must be avoided.

Inflation usually generates two contradictory phenomena: money is both in excess and short supply. The number of banknotes issued correspondingly with increases in commodity prices is necessary to production and the circulation of goods. We must distinguish clearly that it is impossible to identify the issuance of banknotes with inflation so as to cover budgetary expenses. It is therefore necessary to make a thorough analysis in order to have a correct solution to each specific case. There should be many measures to gather money through banks and to issue money at the right time and in the right place to serve worthy demands.

A psychological factor must also be taken into account. When the state is short of money (as well as goods) all agencies and enterprises have reserved some cash in order to have more initiative in making purchases and sales. Such small amounts of cash reserve added together might cause false tension. When banks renovate their operating system and shift to monetary business and have ready cash to pay customers, then agencies and enterprises will certainly not need any cash reserve but will have to maintain their funds at the level needed.

With respect to wages and livelihood, everyone recognizes that the wage scales and steps established by the end of 1985 present many irrationalities, still bear the characteristics of heavy egalitarianism, and do not properly stimulate workers to develop all their ability, knowledge, intelligence and

professional skills. However, in the current realistic situation, these wage scales and steps cannot be changed completely. Only some really necessary parts of them can be modified.

The fundamental guideline is to monetize wages in order to create conditions for doing business accounting and getting rid of subsidies. Nevertheless, this is a long process. This time, attention is being paid to resolving the livelihood of wage earners in a comprehensive manner, ranging from effort to create more job opportunities and assist in developing household economy and increasing income to the measures to gradually make payment in cash and materials in kind.

A fact that can be easily seen is that our workers and civil servants are not at all happy to receive more money and cash allowances if prices in social markets continue to rise, sometimes even before they get the money, and so the additional amounts of money received are meaningless. Consequently, what is the most pressing is to slow down the price increases in social markets, organize well the circulation of goods, insure increasing production and expand the interchange of goods in order to have plenty of commodities for sale to wage earners and the entire society.

The important point is that each of us must clearly realize the common difficult situation of our economy, the major contradictions in terms of commodities, finances and cash and the imbalances accumulated over the past many years which cannot be overcome in a short period of time. With the highest sense of responsibility for the people's livelihood, all state agencies have concentrated and are concentrating on emphatically resolving targeted problems, aiming at the most vital demands of those recipients that must be primarily taken care of.

The Party Central Committee's Second Plenum has put forth guidelines and measures to resolve the pressing problems of distribution and circulation. There are of course many other distribution and circulation problems that must be continually studied and resolved in the course of renovating the management mechanism of the whole economy and the entire process of recycling social production. The Party Central Committee's Second Plenum resolution has marked an important step in concretizing the 6th Party Congress resolution. The pressing task is that we must most satisfactorily organize and implement the resolution.

The experience in the two attempts to resolve the problems of prices, wages and money has clearly pointed to the need for selecting the most correct step. The more complicated the situation the more positive, yet careful, steps we must take one by one to draw experience from working. We may not be impatient and hasty. We must resolve each problem in a uniform manner but not all problems at one time. We should not hurry to complete everything in a short period of time. "Careful and steady" steps cannot be the fulcrum for conservative and sluggish tendencies. We must be definitely determined in our strategic resolution but must watch each of our steps in weighing every specific project.

It should be added that in the present situation every solution presents both positive and negative aspects. The removal of checkpoints along roads has a definitely good effect and is supported by large numbers of laboring people since the flow of goods becomes abundant. In some regions, prices have fallen and the travel time of various transport facilities has fallen. However, in some localities, losses of some valuable agricultural and forest products have occurred and some people have capitalized on the removal of checkpoints to do illicit business. These are adverse consequences that have been foreseen in exercising leadership if market management is not performed correctly and radically to collect taxes at the original sources where goods are produced and sold. We cannot help but accept the current actual socio-economic situation, the devaluation of money and the factual established prices. For this very reason, we must be very objective and alert. Among the various projects, we must know how to select those projects with lesser bad effects and in the course of performance we must seek ways to promote the positive aspects while reducing the adverse consequences.

Facts have also indicated the need to promote the initiative and creativity of localities and primary installations, properly insure their right to autonomy, deal with them in a flexible manner suitable to the currently multifarious situation and actively balance money with goods, and revenues with expenses in accordance with the general principles and policies stipulated and directed by the central government. We must rely firmly on the primary installations and the laboring people to correctly implement the motto of letting "the people know, discuss, work and control," considering economic construction and the resolving of distribution and circulation problems a revolutionary undertaking of the people throughout the country.

We must unify our action from the higher to lower echelons and from within the party to the masses, uphold the principles for correctly understanding, expressing and implementing the resolution and enhance the sense of discipline of the party and state. At present, apart from the so-called attempts of "breaking through fences" to alleviate restrictions by higher echelons and to meet the pressing demands of production and life, there are also quite a number of parochial, unorganized and indisciplined acts. We must necessarily establish new order in production as well as in distribution and circulation--the order put forth in the 6th Party Congress resolution.

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ESTABLISHING A RATIONAL STRUCTURE OF INVESTMENTS WITH THE AIM OF IMPLEMENTING  
THE THREE PROGRAMS IN GRAIN-FOOD PRODUCTS, CONSUMER GOODS AND EXPORT GOODS

Hanoi TAP CHI CONG SAN in Vietnamese No 6, Jun 87 pp 17-20

[Article by Ho Te]

[Text] In the remaining years of the initial stage of the period of transition in our country, beginning under the 1986-1990 Five Year Plan, we must truly concentrate our manpower and material resources on successfully implementing the three goal-oriented programs in grain-food products, consumer goods and export goods. Therefore, restructuring production and investments is considered an important task under the 1986-1990 Five Year Plan.

During the past several years, grain-food production has increased slowly and has not been stable. We must endeavor to be producing by 1990 22-23 million tons of grain, in paddy equivalent; 1.11 billion tons of meat of all types; 1 million tons of fish; 3 billion eggs; 400,000 tons of peanuts; 700,000 tons of sugar; and 35,000 tons of tea. To be able to achieve these specific targets, it is necessary to change the focus of investments, investment procedures and the investment policy.

Consumer goods production has also been developing slowly. One of the important reasons for this is that investments in consumer goods production have not been appropriate or properly oriented. To begin with, investments in the consumer goods industry as a percentage of the total capital invested in industry have been gradually declining:

1976: 32.9 percent  
1980: 27.4 percent  
1984: 21.4 percent.

Importance has not been attached to making investments in intensive development, such as investments in retooling, in researching the production of raw materials that must be imported, in developing new products and so forth. Investments in the production of raw materials have not been properly focused. Production has not been closely tied to those basic units which produce raw materials.

In recent years, investments in the production of export goods have been very decentralized and ineffective. The state has not focused investments in the production of "leading" export goods.

From an overall perspective and on the basis of the new thinking that has been adopted, let us review our investment situation in recent years. Under the resolution of the 5th Party Congress, we gave attention, generally speaking, to making more concerted investments in key projects and major socio-economic targets. Capital was invested in the various sectors of the economy at the following rates: 24 percent in agriculture, 39.3 percent in industry, 17.2 percent in communications-transportation, etc. The result was that the value of fixed assets increased by nearly 50 billion dong during the 5 years from 1980 to 1985. This resulted in an increase in the production capacity of many sectors of the national economy, thereby helping to expand and develop production and increase the gross social product by 51.5 percent and national income produced domestically by 42.3 percent in 1985 compared to 1980 while also helping to provide jobs for hundreds of thousands of persons reaching work age.

Besides the results that have been achieved, the structure of investments is still marked by many shortcomings:

--The state has yet to make appropriate investments in the front of foremost importance, agriculture, or in the production of consumer and export goods. The structure of investments still leans toward investments in the construction of new, large-scale projects and attention is not being given to investments in intensive development or in automation. Therefore, only a very low percentage of the capacity of many projects that have been put into production is being utilized. Generally speaking, the plan for investments in capital construction is a piecemeal, subjective plan that does not reflect balance within each sector, within each territory or throughout the national economy. In a number of sectors, investment decisions are not carefully considered, which has led to many projects being constructed at a time when the existing capacity of the sector is not being fully utilized.

--The decentralization of investment capital among many different projects has increased construction times and resulted in a very large volume of unfinished work. As of the end of 1985, as much as 98 billion dong had been invested in capital construction during the year, nearly five times more than the amount invested in 1980.

--The restructuring and reduction of investments in 1986 were done slowly and in a manner lacking determination, thus exacerbating the capital construction situation. In actuality, on projects for which a reduction in capital investments was planned, the rate of construction has increased and all capital, sometimes even more than was allocated, has been used. Conversely, on key projects, less capital has been used than the overall average (initial estimates show that key projects have used 100 percent of their capital while other projects have used anywhere from 100 to 115 percent).

--On some projects, investments have not been well coordinated and the conditions needed to achieve efficiency once these projects are put into use

have not been carefully planned. As a result, once constructed, many factories have not received the full supply of raw materials, energy and means of transportation needed to fully utilize their capacity and have been operating at low efficiency. In many sectors, it is common to find that many types of projects are only being operated at 50 percent of their capacity. There are even many projects that are only operating at 15 to 20 percent of their rated capacity.

--Many localities, sectors and units have been using capital acquired on their own in an incorrect and ineffective manner. The construction of hundreds of non-production projects, such as meeting halls, offices, hotels, theaters, exhibit halls and so forth, has caused capital to be decentralized further. On the other hand, many units have found ways to take materials from projects being constructed under the plan or have procured materials or hired manpower on the outside, thus pushing up the prices of building materials and manpower, causing construction costs to rise rapidly and investing much capital but not completing a commensurate amount of construction work.

--For many years, investment plans have lacked balance among capital, materials and construction capabilities. Instead of taking the initiative, capital is still being evenly distributed in accordance with the requirements of sectors, localities and basic units. This has led to decentralized investments. In addition, capital construction quotas and unit prices are set in a manner that suits convenience, not in accordance with the unified principles of the state.

Gaining experience from capital construction investment practices in recent years and in keeping with the guideline "restructuring production and making major adjustments to the structure of investments with the aim of effectively developing the potentials that lie in labor, arable land and existing material-technical bases" in order to give priority to making investments in the successful implementation of the three goal-oriented programs in grain-food products, consumer goods and export goods, we must adopt a new approach to investments and make major adjustments to the structure of state investments in capital construction.

Although we have little capital, investment needs are large. This demands that we orient investments toward competently and effectively supporting the three goal-oriented programs, that we make selective, effective investments and rapidly put projects into use. The process of adopting a new approach to investments is also the process of struggling against outmoded views concerning investments, views that are not consistent with the needs of life, of the revolution. Investments that are partial, decentralized or non-productive cause much harm: capital is dispersed and not utilized effectively, projects take a long time to construct and tie up capital and, lastly, production develops slowly and difficulties are encountered in everyday life. We must, therefore, successfully adopt the new approach to investments described below.

--As regards on-going projects that will be completed in 1988 or later, the rate of construction should be set on the basis of the returns that will be generated by these projects. The list of key projects must be carefully re-

examined. A careful re-examination of each project must also be made. The volume of unnecessary work must be reduced and thorough economy must be practiced in an effort to reduce construction and assembly costs by 10 percent. Priority must be given to providing capital, including capital in the form of long-term credit, for well coordinated projects under the three goal-oriented programs. The construction of offices, meeting halls, theaters, athletic fields, outdoor markets and so forth should be temporarily postponed.

--In conjunction with implementing the policy on making major adjustments to the structure of investments, the investment mechanism must be revamped along lines that make the investor responsible for the final returns from investments.

In keeping with this spirit, of the total capital recorded in the plan as being invested in capital construction in 1987, about 28.5 percent is being invested in agriculture, forestry and water conservancy, 40.3 percent in industry, 13.4 percent in communications-transportation and 4.8 percent in housing.

On the basis of the guidelines, task and structure of investments in capital construction in 1987, the management of investment capital must focus on the following matters of central importance:

1. We must re-examine and reorganize the construction projects within each sector and locality. On this basis, materials and capital must flow mainly to key projects of the three programs, most importantly to key items that produce returns, rapidly increase output and improve product quality, even in 1987.

The entire list of projects must be examined, regardless of the source of investment capital (capital from the central budget, capital allocated by the locality, capital in the form of credit, self-acquired capital...), with a view toward organizing, in a way that is rational, sources of capital for each project in an order of priorities that focuses on the key targets of each sector and locality. We must be determined to postpone or eliminate projects which are deemed to be projects that will not generate returns or are not now truly necessary or for which the necessary construction conditions do not exist. New projects should only be planned when all existing projects of the same type are being fully utilized.

2. We must improve the investment capital management mechanism along the following lines to guarantee the autonomy of basic economic units in their production and business operations:

--All sources of investment capital must be reflected in the state plan and be balanced with the materials and energy managed by the state.

--In the process of using capital allocated from the local budget or self-acquired capital of the enterprise, no more capital may be used than is permitted under the approved plan. In cases in which supplemental capital is needed, permission must be granted by the authorized level.

--The use of investment credit must be expanded for projects that recover capital quickly and are constructed in a short amount of time.

Widespread use must be made of investments based on the guideline "the state and the people working together" in housing construction and the construction of water conservancy, welfare and infrastructure projects.

--As regards projects constructed under cooperative investment agreements with foreign countries, such as projects involved in the production of rubber, coffee and so forth, we must research an appropriate management mechanism and allocate investment capital in a suitable way so that we can completely control and coordinate the capital and equipment arriving from foreign countries (from the entities cooperating with us overseas) to insure that the rate of construction is maintained. At the same time, an appropriate amount of domestic capital must be provided to insure that our country's investors can take the initiative in implementing these plans for cooperation, with the ultimate objective being to produce products with which to repay foreign loans and produce products and goods with which to increase our country's national income.

In the work of making major adjustments to the structure of investments with the aim of creating a rational economic structure, the following guidelines must be thoroughly implemented:

--We must conduct planning and basic investigations and establish a master plan for the construction and development of economic sectors nationwide.

--We must take inventory of and re-evaluate fixed assets and existing basic units and enterprises in order to establish guidelines for adjusting, restructuring, calculating and allocating capital investments for all new projects and for investment in intensive development so that we can make full use of existing material-technical bases.

--All investment capital, regardless of its source, must be managed and distributed under a common program and plan. Capital must be balanced with materials. The management of capital must go hand in hand with the management of materials in construction.

--We must reorganize construction forces and restructure the material production and supply system to insure that materials are delivered directly from places where they are produced, from places where they are first supplied to projects. Intermediary supply organizations and elements and all administrative levels and cumbersome procedures which slow the movement of materials to projects must be eliminated.

--Management must be based on quotas and unit prices in an effort to save materials, energy and labor and reduce indirect costs in construction management. Reducing investment capital costs by 10 to 30 percent is a realistic possibility.

--In the making of capital investments, practical experience has shown that in those fields in which state-operated enterprise operate well and have the

necessary conditions, the investments should be made in state-operated enterprises. In those fields in which cooperatives, the people and households operate well, investments should be made in these entities. This approach results in low investments and high returns. It is an approach that can be taken in the planting of forests, the planting of coffee, tea, cinnamon, etc.

--In construction as well as production-business, the investment capital management mechanism must be improved on the basis of practicing economic accounting, practicing distribution in accordance with labor, combating state subsidies and insuring that the three interests (the interests of state, the interests of the enterprise and the interests of the individual worker) are satisfied in a way that is well balanced with a view toward promoting the construction of projects of high quality and quickly putting projects into use.

7809

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## SOME MATTERS OF BASIC IMPORTANCE CONCERNING THE EXPORTS PROGRAM

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[Article by Nguyen The Uan]

[Text] At present, our country is continuing to experience a rather serious trade deficit. The contradiction between our very large import needs and our limited export capabilities is very sharp. This contradiction will continue to exist until the domestic economy makes the transition to large-scale production. To solve this contradiction, goods must be imported on credit. However, this is only a temporary measure because, in the end, we must export products in order to repay this debt.

Loans received from foreign countries during the years from 1976 to 1980 and 1981 to 1985, especially loans from capitalist countries, the repayment of which, a very large amount, is now due or past due, have been and are causing difficulties in many areas of foreign trade. The above mentioned sharp contradiction between exports and imports must be solved in one of two ways: increasing our exports in order to bring them into balance with imports (and repay debts that are now due) or reducing our imports in order to bring them in line with our exports. However, reducing our imports in order to bring them into balance with our exports is a measure that should be taken reluctantly, especially in the case of means of production and essential consumer goods, because, if we do not meet import needs, difficulties and obstacles will be encountered in production and everyday life. Of course, regulating imports in a way that best serves the national economy in light of the serious foreign trade imbalance, such as discontinuing or reducing the importation of products that are not very necessary or which can be produced domestically, is a matter of special importance.

The most effective way to resolve the contradiction described above is to increase our exports. Because, only in this way can we correct the serious foreign currency imbalance, meet the needs for imports to support socialist industrialization nationwide better with each passing day and successfully carry out the grain-food product program and consumer goods program.

Of course, in view of the general difficulties being encountered with foreign currency, we must also continue to acquire imports through loans in order to advance the country from small-scale production to large-scale, socialist

production. However, it is important that we direct our attention here to the need to use foreign currency to import goods in a way that yields the highest possible economic returns and generates additional foreign currency, that is, accelerates our exports, in every situation so that the debts incurred in importing goods can be repaid.

#### The Basic Views Concerning Exports

Of utmost importance in accelerating exports is the need to adopt correct views concerning exports.

First, there is the view concerning production.

Back in 1965, at the conference to review foreign trade activities during the 10 years from 1955 to 1965, a rather important conclusion was reached: "to export goods, we must organize the production of export goods."

Nearly 30 years of foreign trade work have proven that turning this conclusion into reality involves a steadfast, arduous and bitter struggle. Most deserving of attention is the struggle against the view of providing "a few materials today, a few tomorrow" for the production of export goods. The thrust of this view is that the production of exports should be expanded on the basis of gathering and collecting domestically available materials. It is not a view that attaches appropriate importance to making investments in the production of export goods. As a result, exports stand still. This is a major concern. Because, without making appropriate investments in the production of export goods, exports cannot increase. As long as the various sectors, levels and basic production units do not see what their responsibility is in the production of exports, exports will remain undeveloped. The foreign trade sector, which serves a distribution function, cannot take the place of the production sectors. However, as part of its overseas work, the foreign trade sector does have the responsibility of guiding the production of export goods and helping it to develop in the same direction as world markets and in a manner consistent with the regional policy of the party and government. At the same time, as part of its efforts to strengthen overseas markets, it has the responsibility of stimulating the development of domestic production toward specialization and international cooperation and along lines that upgrade small-scale production to large-scale, socialist production.

Secondly, there is the view concerning the market.

In export activities, the market is a matter of utmost importance. Without solving the market problem, it is impossible to maintain and develop the production of exports in a stable manner. Because, the production of exports is the production of goods for foreign markets. On these markets are many independent competitors from many different countries. Therefore, it is an exceedingly difficult and complex matter to penetrate and secure a position on export markets. At the conference to review foreign trade during the 10 years from 1955 to 1965, the view that if we "lose one market, we should simply look for another, if one product fails, we should simply offer another" was analyzed and criticized.

The fact of the matter is that without large and stable market, we cannot even talk about producing export goods on a large scale. Conversely, without large and stable sources of exports, we cannot penetrate or secure a position on markets.

On country's foreign trade experience over a period of many years shows that it is not easy to make a product an export. Much time and effort are required. While it is difficult to penetrate a market, it is even more difficult to maintain a position in a market because, in international trade, the market issue is becoming increasingly sharp and complex. Monopolistic capitalist states and other monopolistic powers are increasingly participating in the fight for a share of the market and control of the market.

Consequently, endeavoring to stabilize markets and stabilize the line of products being exported is the measure of foremost importance in the implementation of the exports program.

Stabilizing markets means establishing a reciprocal, mutually dependent and mutually beneficial relationship with each specific market. Here, the policies concerning markets and traders are of special importance. Without correct policies concerning markets and traders, it is impossible to stabilize markets. On the other hand, however, if we do not improve the quality of goods, do not improve delivery terms, do not improve the amount of time it takes to make deliveries and so forth to suit markets, we cannot achieve stable markets for our export goods.

Although this view was first expressed many years ago, it is regrettable that, due to many objective and subjective factors, it has yet to become the accepted view in foreign trade activities. Also for this reason, importance has not been attached to stabilizing markets and stabilizing products in export activities. From the standpoint of products, we do not have one product that can be called a stable export of quantitative importance in international trade. From the standpoint of markets, we do not have one market that is stable. Our markets are still piecemeal. They are markets of convenience. In the case of the socialist market, while we have one foot on the inside, we also have one foot on the outside. As regards the capitalist markets, trade is short-range in nature. We lack a truly comprehensive product policy and trader policy. In export activities, selecting markets, traders and products on the basis of whatever suits convenience is still a rather widespread practice, especially in local export activities.

Thirdly, there is the view that imports be used to accelerate exports.

The basic characteristic, and also the most profound contradiction, in our country's foreign trade in the current stage is that our exports are small but our imports are large and that an important portion of our imports must be obtained through credit from foreign countries.

When goods are imported through credit from foreign countries, imports come in before exports go out. Therefore, the cycle of export and import activities does not occur in the usual way, that is, production-exports-imports, but in a special way: imports-production-exports.

Of course, not the entire cycle is imports before exports. A portion of the cycle is exports before imports (a balance between exports and imports).

In particular, in investments in capital construction to retool and restructure production, the vast majority of what we need must be obtained through imports by means of credit from foreign countries. This is one of the sources of capital determining the direction of economic strategy.

In the model mentioned above, imports are considered a very important factor in the formation of initial capital, a factor of direct production and a very important basis for stabilizing domestic distribution-circulation, stabilizing the market and stabilizing the standard of living. Imports must precede exports by an appropriate amount in order to provide material and technical conditions needed for the continuous and effective development of the process of domestic reproduction. For the foreseeable future, we must use existing export capabilities plus short-term credit to meet import needs with a view toward maintaining and developing production and quickly turning over capital in the form of foreign currency. Therefore, imports not only support domestic production and the standard of living, but must also create an appropriate volume of export goods so that short-term credit can be repaid.

Imports must be used to stimulate exports. Conversely, exports must be used to provide for imports.

To put this view into practice, it is necessary to attach importance to imports, fully calculate the returns from imports and establish plans for repaying short-term as well as long-term credit before deciding to import additional goods.

#### The Structure of Exports--the Expression of All Views Concerning Exports

To increase exports, it is first of all necessary to accelerate investments in the production of export goods. Investments are the measure of most decisive significance. Our foreign trade experience over a period of many years shows that if appropriate investments are not made in the production of export goods every call that we make for the acceleration of exports is meaningless.

However, to make investments in the production of export goods, we must define export guidelines and the structure of exports.

Export guidelines are established for a period ranging anywhere from 15 to 20 years. The structure of exports is the concretization of these guidelines.

The structure of exports for the next 15 to 20 years is the long-range structure of exports. The structure of exports for each 5-year plan is the intermediate structure. The structure of exports for each year is the short-term structure.

Our country's foreign trade sector has been in existence for nearly 30 years but it still lacks a complete structural policy. To this day, export .pa activities are very short-range in nature and yearly plans are a very

haphazard patchwork. This approach makes it difficult for exports to develop in a rapid and stable manner.

Therefore, establishing a correct structural policy is of decisive significance in implementing the exports program set forth by the 6th Party Congress.

1. The long-term structure of exports between now and the year 2000:

In conjunction with the process of carrying out socialist industrialization, reorganizing and building the structure of the economy and advancing from small-scale production to large-scale production--large-scale industrial production--attention must be given to establishing a structure of exports that combines industry and agriculture, a structure within which strong investments must be made in agricultural exports so that we can, in the space of 5 or 10 years, upgrade the production of the products in the following groups to large scale:

+The marine products group, in which the main products are shrimp and squid.

+The tropical industrial crops group, within which attention must be given to rubber, coffee, tea, pepper, jute and coconuts.

+The tropical fruit group, in which attention must be given to pineapples and citrus fruit.

+The processed wood and essential oils group.

+The grain and food products group, which includes soybeans, corn, cassava, hogs, cattle, etc.

Well coordinated investments must be made in the agricultural product processing industry in an effort to increase processed agricultural products to a high percentage of our exports in order to provide jobs and raise the total value of exports.

As regards industry, attention must be given to accelerating the production of the products in the following groups:

+Light industry: textiles, ready-made clothing, leather shoes, plastic goods, bicycles, children's toys, electronics, pharmaceuticals, etc.

+The building materials industry: cement glazed bricks, marble, ceramics, pottery, glassware, etc.

+Heavy industry: products of the mining industry, most importantly petroleum and bauxite; products of the machine industry, most importantly small machines adapted to tropical conditions, such as small tractors, pumps, spray rigs, irrigation equipment and so forth; products of the chemical industry, most importantly fertilizers, pesticides and a number of important chemicals used in the processing industry; and products of the ship building industry, most importantly small vessels, such as tugboats, and ship repair services.

+In addition, attention must be given to developing the export potentials of the following service sectors:

--Trans-oceanic transportation.

--International tourism.

--The exportation of labor in the form of construction contracts with foreign countries and the contract, high volume production of export goods.

The long-term structure of exports must be established at an early date so that we can arrange for investments in capital construction beginning immediately for those products that need to be developed immediately or for which the groundwork must be laid for the next 5 years...

Without appropriate investments that are tied together within a specific set of guidelines for the production of export goods, we cannot increase our exports at a rapid rate.

## 2. The intermediate and short-term structures:

The intermediate and short-term structures (5 years and 1 year) are the concretization of long-range guidelines. The structure of exports, in general, must be realistic, that is, must be adjusted to suit production and marketing conditions at home as well as abroad. Therefore, the relationship among the short-term structure, the intermediate structure and the long-term structure is not a fixed relationship.

For many years, we have been stressing the importance of agricultural products in the structure of exports. However, under two 5-year plans (1976-1980 and the 1981-1985 plans), agricultural products as a percentage of our country's exports remained at a low level. If we deduct the agricultural products that must be imported, such as grain, for example, the overall value of the agricultural products exported is even smaller. Meanwhile, exported light industrial and handicraft goods, although appropriate attention has not been given to them, have always accounted for a larger percentage of exports. The capacity for producing these products is large and the socialist market, especially the Soviet Union, is a relatively large and stable market on which we can put a significant quantity of consumer goods of various types produced by us. Developing this large and realistic potential in order to rapidly increase our exports, not only in the years ahead, but over the long-range as well, is an important, new direction to be taken in the policy concerning the structure of exports.

Increasing the exportation of light industrial and handicraft goods to the level of their realistic potential is a matter of significance from many different perspectives:

--It will create the conditions for making the highest possible use of the surplus capacity of existing domestic factories so that we can accelerate our exports and help to raise labor productivity and reduce production costs.

--It will generate much additional work so that we can make effective use of the surplus labor within our country, raise national income and provide the people with a decent standard of living.

--It will rapidly engage an important component of the domestic labor force in the generation of foreign currency so that we can import goods needed for domestic production and everyday life and create a stable turnover of foreign currency.

In view of the fact that our country is experiencing a serious shortage of foreign currency, the contract production of export goods assumes special importance. Only with a correct appreciation of the contract production of export goods and appropriate investment and incentive policies is it possible to create work for the country using raw materials and supplies provided by the outside and gradually bring domestic production closer to international standards. Therefore, by making good use of the contract production of export goods, we can rapidly increase the volume of industrial and handicraft goods exported.

On the basis of the above analyses, the following decisions must be made under the 1986-1990 Five Year Plan:

1. To raise light industrial and handicraft goods (including products produced under export production contracts) to their proper position within the structure of exports.
2. To continue to accelerate the exportation of agricultural products, most importantly raw materials of high value from the standpoint of foreign currency and for which needs on international markets are relatively stable. Attention must be given to increasing processed agricultural products to a high percentage of total agricultural exports.

Along with expanding the production of agricultural products for exportation under the long-term program, intensive cultivation must be practiced in order to rapidly increase the production of exports. In addition to crops, livestock products as well as marine products must be given an appropriate position within the structure of exports for the years from 1986 to 1990.

3. To maintain the exportation of coal, apatite, chromite and so forth at specific levels. Attention must be given to exporting petroleum between 1987 and 1990 and laying the foundation for the years after 1990.
4. To give attention to developing the export services, most importantly overseas transportation, ship repair services, port supply services, international tourism, etc.

To achieve a structure of exports such as the one described above, appropriate investments must be made in production. On the other hand, a truly sensible market policy must be adopted. This policy must be based on many factors,

political, economic, geographic and even historical, with the political factor being of decisive significance.

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## THE PERIOD OF TRANSITION TO SOCIALISM--LONG AND COMPLEX

Hanoi TAP CHI CONG SAN in Vietnamese No 6, Jun 87 pp 26-30

[Article by Vu Huu Ngoan]

[Text] Being "subjective and impetuous" is a malady that afflicts communist parties in power. These are words of self-criticism that have been spoken by many communist and worker parties of the fraternal socialist countries in recent months among which, the CPSU, at its 27th Congress has left the deepest impression.

The malady of being subjective and impetuous usually manifests itself in a way of thinking and acting that skips stages and does not take actual conditions into full consideration. In other words, mistakes are made concerning the stage currently being experienced and there is confusion between where socialism ends and communism begins, between the period of transition to socialism and the completion of socialist construction, between the first stage and the subsequent stages of the period of transition, etc. The 27th Congress of the CPSU harshly pointed out: "Experience has shown that every scheme to race ahead and apply the principles of communism without taking the material and spiritual maturity of society into consideration is doomed to failure and can cause economic as well as political losses."(1)

Although the historical conditions and level of social development of the socialist countries differ, these conclusions reached by the CPSU are of major significance from the standpoint of methodology. In the spirit of squarely facing the truth and bravely engaging in self-criticism and convincingly inspired by the 27th Congress of the CPSU, the 6th Congress of our party pointed out: "We have made mistakes in evaluating the country's specific situation and in defining the goals and stages of socialist construction."(2) One of these mistakes has been our failure to recognize the long and complex nature and the many different stages of the period of transition to socialism in our country and our desire to skip necessary stages in this period. As a consequence, we have not correctly resolved important problems associated with this period of transition.

We all know that, under the historical conditions existing in the late 19th century, Marx and Engels were only able to make the general prediction that a period of political transition would be necessary to advance from capitalism

to socialism and communism and that the socio-economic form of communism consisted of two stages: the first stage (or the low stage), socialism, and the second stage (or the high stage), communism. Later, when the Russian proletarian revolution achieved success, Lenin, drawing from the realities of socialist construction, clearly defined the position of the period of transition to socialism and concretized the concept of the period of transition and the matters associated with it. Thus, the communist socio-economic form consists of the period of transition to socialism, socialism and communism. Within the entire history of the formation of the communist socio-economic form, the period of transition to socialism is the period of birth, socialism is the period of development and communism is the period of complete maturity. The period of transition concludes when the construction of socialism has been virtually completed. From an economic standpoint, this standard can be considered the establishment of the socialist mode of production or, in other words, the virtual socialization of production from the standpoint of production relations as well as production forces and the birth of large-scale, socialist production.

"Everything is difficult at the beginning." The period of transition to socialism, therefore, is a special period of history replete with adversities, challenges, arduous difficulties and complex problems. In this period, if our aim is off by an inch, we will miss our mark by a mile! But, impetuosity is something that most often occurs in the period of transition. The Political Report of the Party Central Committee at the 6th Congress observed: "There have been many shortcomings in our evaluation of the specific economic and social aspects of the country's situation. As a result, over the past 10 years, we have made many mistakes in setting the targets and defining the steps to be taken in the construction of material-technical bases, socialist transformation and economic management.

Due to the failure to fully realize that the period of transition to socialism is a relatively long process, one which involves many different stages, and due to subjective, impetuous thinking and a desire to skip necessary steps, the 4th Congress failed to set the targets of the initial stage."(3)

When he first started blazing the new path, Lenin pointed out: "History has now given us a mission: to complete the greatest of political revolutions by means of slow, arduous and difficult work in the economic field."(4) And, history has proven the scientific prediction made by Lenin to be correct: under the very best circumstances, the period of transition lasts for decades; under normal circumstances, it can last for a few decades; but when circumstances are difficult, when the path is winding, it lasts longer. The Soviet Union, which made extraordinary efforts to free itself from encirclement by imperialism and which, generally speaking, advanced from the average capitalism of Russia, took about 2 decades to pass through the period of transition. The Czechoslovak Socialist Republic and the GDR, which advanced from developed capitalism and received special assistance from the Soviet Union, could not complete the period of transition in less than 20 years. Poland, which is advancing from average capitalism but has suffered at the hands of history, has been in the period of transition to socialism for 40 years. Mongolia, which is advancing from pre-capitalist conditions and has received a very large amount of assistance from the Soviet Union, has been in

the period of transition for more than 60 years but still cannot readily say that the period of transition has concluded. Why is the period of transition a long period?

The period of transition is the period of socialist construction. In essence, socialist construction involves building the socialist economy with the aim of achieving increasingly high labor productivity. Therefore, it is necessary to reorganize and develop in a more rational way the large material-technical bases created by capitalism, build the entire system of socialist production relations, production relations which were non-existent in the old society; organize and manage the entire national economy not only on the macro-economic scale, but on the micro-economic scale as well; and cultivate and raise the standards of ownership of the laborer in every field. Ultimately, the standard of living, the way of life, the whole of social life must reflect the superiority of socialism over capitalism. None of these things can be achieved in a short amount of time.

But the victory of socialism must be measured not against nationalist capitalism or regional capitalism, but against international capitalism, not against capitalism of the past but real capitalism--capitalism on the threshold of the 21st century, capitalism which is taking full and conscious advantage of the world scientific-technological revolution. Today, national income per capita in the most developed capitalist countries has reached 10,000 dollars. In the other countries which are following the capitalist path, it has reached 1,000 dollars. This faces all the countries on the different levels of development of socialism with an even more difficult problem with regard to how they should organize and develop their socio-economic systems. The difficulty of this problem is further compounded in the case of countries that are now in the period of transition to socialism. Despite our very positive efforts, our country is among the world's poorest. Thus, the period of transition in our country remains a long and difficult period.

According to Lenin, socialism can only emerge from that which capitalism has achieved. In the case of our country, which is making the transition to socialism without experiencing the stage of capitalist development, this transition is even longer and more difficult, only by clearly recognizing all our country's difficulties and advantages can we select appropriate forms and appropriate steps to take. If, from the standpoint of society as a whole, we are not producing enough food, which means that we have yet to produce the essential product, not to mention a surplus product, how are we to achieve capital formation in order to carry out socialist industrialization? It has been more than 10 years that we have been working to put together an economic structure which brings us beyond this state of development.

The level of economic development that exists at the start of the period of transition is a factor that exerts a decisive influence upon the length of this period. Long ago, Lenin once pointed out to the communists of the world: the more that a country is a country of small-scale farmers, the longer the period of transition to socialism will last. Because, in this case, a country must first pass through the preliminary stages, which need not be done in the case of a country that is already at the level of capitalist development.

Here, it is also necessary to build many small bridges to gradually and steadily lead farmers to socialism.(5) Facts have shown that every desire to move quickly ahead, to move farther ahead than permitted by actual conditions, ultimately retards progress. The profound lesson to be learned here is, as President Ho taught us, that taking sure and steady steps is the quickest and most correct way to proceed. In the case of our country, while it is difficult to select steps to be taken in industrialization that are sure and steady, it is even more difficult to chart the course to be followed in the work of transforming the old production relations and establishing the new, in general, and the course of agricultural cooperativization, in particular. Ours is a small, densely populated country in which small-scale production is both widespread and has been strengthened by the subsistence production that existed during the very long war of resistance for national salvation. Nationwide, on a per capita basis, we have only 1,000 square meters of cropland and produce 300 kilograms of grain (in paddy equivalent, not the amount that ultimately winds up on tables) and produce 100 kwh of electricity per year. The mechanization of agriculture has only reached about 0.2 horsepower per hectare of farmland, etc. Meanwhile, the overall standard of living of the planet has been rising sharply. These facts are sufficient to show that the period of transition to socialism in our country must be a period in our history that lasts for a few decades.

The extent to which we recognize and act in accordance with objective laws is a subjective factor controlling the length of the period of transition. If we fully understand these laws and apply them in a correct and proper manner, the period of transition will not be prolonged. Lenin said: "We must still pass through many transitional stages to reach socialism. This is something we did not and could not know."(6) The actual situation in our country over the past 11 years is enough to show us that the period of transition in our country cannot be short. Our low level of organizational and managerial skills has made the period of transition in our country more complicated.

The period of transition is a complex period in the history of every country, one of the greatest difficulties of the socialist state during this period is that it is not familiar with the function of providing socio-economic management, a function which is new but is of enormous importance to the victory of socialism. According to Lenin, there is not one class which does not require a period of observing and familiarizing itself with its surroundings when it first ascends to the position of leader of society. On this basis, he accurately predicted that a characteristic of the period of transition, especially its initial stage, is the inability to avoid having to grope about, conduct pilot projects, make choices and even encounter problems and do things over many times in the leadership work of the party and the management work of the socialist state. In the case of our country, it is even more apparent that these things cannot be avoided. However, we should not use this as a reason to always say that the period of transition will be long. But this also tells us that we should not be impetuous or take a simplistic, one-sided approach.

The complexity of the period of transition is also evident in the need to transform, organize and manage an economy that consists of many different segments. Here, there is an intertwining, an overlapping, a reciprocal impact

among the various types of economic laws of the different segments of the economy. Not all the necessary conditions exist for the economic laws of socialism to exert a widespread impact. The economic laws of the non-socialist segments are not the same as they were in the old society. Reflecting the dynamic picture of this transitional economy in organizational and managerial activities is not a simple thing to do. The interaction of the economic laws of the different segments of the economy in our country is also affected by the fact that the economies of the North and the South are not entirely the same. In addition, our commodity production has not developed... All these factors make the period of transition more complex and longer.

Another prominent characteristic of the period of transition is the arduous and bitter class struggle that takes place during this period. The struggle between ourselves and the enemy is closely tied to the struggle between socialism and capitalism. In our country, these two struggles are intertwined in a very complicated way, which has caused us considerable difficulties. If we have only a vague concept of what these struggles involve and do not wage these struggles correctly, the position of socialism will be overtaken and eroded by capitalism. From an economic standpoint, we cannot win victory over the powers of the bourgeois economy and small-scale production by generating hatred, by launching an all-out attack and confiscating their property or rapidly carrying out transformation. Rather, we must introduce a new system of production and consumption, one that results in higher labor productivity and improves social life more rapidly. This undertaking clearly requires time. As regards our country, in view of the facts that private capitalism must be utilized for a time, small-scale production is predominant and the enemy is waging a wide-ranging war of sabotage against us, the class struggle is an even more tenacious struggle and will demand even more time in order for victory to be won.

The length and complexity of the period of transition are closely interrelated. It might be that the fact that this period is long increases its complexity. Conversely, it might be that because the period of transition to socialism is very complex that it must be a long period. Having come to recognize the long and complex nature of the period of transition, it is even more necessary for our party, state and people to display a high degree of dynamism. To begin with, we must know how to proceed by taking many small transitional steps. Concerning the art of leading the revolution, Lenin instructed: it is "not enough to be a communist, in general." To become a genuine communist, "one must be able to determine that special link that we must make every effort to grasp in order to control the entire chain and prepare for a stable transition to the next link."<sup>(7)</sup> Otherwise, the period of transition will be a spontaneous, not a conscious, process and will be prolonged unnecessarily.

#### FOOTNOTES

1. The program and statutes of the CPSU, Su That Publishing House, Hanoi; Novosti News Agency Publishing House, Moscow, 1986, p 31.
2. The Resolution of the 6th Congress of the CPV, TAP CHI CONG SAN, No 1-1987, p 117.

3. The Political Report of the Party Central Committee at the 6th Congress, TAP CHI CONG SAN, No 1-1987, p 25.
4. V.I. Lenin: "Collected Works," Progress Publishers, Moscow, 1978, Volume 44, p 400.
5. V.I. Lenin: "Collected Works," Progress Publishers, Moscow, 1978, Volume 37, p 438.
6. V.I. Lenin: "Collected Works," Progress Publishers, Moscow, 1977, Volume 36, p 61.
7. Ibid., p 252.

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TOWARD THE 70TH ANNIVERSARY OF THE GREAT OCTOBER SOCIALIST REVOLUTION: NGUYEN AI QUOC BRINGS THE LIGHT OF THE OCTOBER REVOLUTION TO VIETNAM

Hanoi TAP CHI CONG SAN in Vietnamese No 6, Jun 87 pp 31-35

[Article by Nguyen Thanh]

[Text] When the gunboat "Dawn" fired the signal opening the attack on the Winter Palace in Petrograd (present day Leningrad), thus signalling the start of the October Revolution, Nguyen Ai Quoc was residing in France.(1) At that time, France was still engulfed in the flames of World War I. France's bourgeois government was making extensive efforts to prevent all mail and press materials from entering France from foreign countries and was using every available means of propaganda to distort the truth about the October Revolution in order to guard against internal crises that would weaken the forces of France at a time when it needed to concentrate all its strength on the front in order to win decisive victory over the German imperialists. The French Social Party, because its key leadership positions were controlled by opportunist intellectual elements, harbored a very deep hatred of the October Revolution. The news reports and commentaries being carried in the Social Party's press at that time concerning the October Revolution were no different than those being carried in the newspapers of the bourgeoisie.

Under these circumstances, it was impossible for Nguyen Ai Quoc or anyone else living in France to gain an understanding of the October Revolution.(2)

Later, Nguyen Ai Quoc distributed leaflets supporting the October Revolution, his thinking and feeling being that it was the same as every other revolution that had occurred in the history of other countries. The October Revolution was progressive in character, shattering things that were backward and outmoded. But how the October Revolution was fundamentally different from these other revolutions was something that he did not understand.

One event of great historic significance that occurred after the October Revolution was the establishment of the Communist International (March 1919). Once established, the International issued a resolution and manifesto to the laboring people of the entire world but these documents were not disseminated in France. At that time, Nguyen Ai Quoc was still searching for the path of national salvation as a pure and highly zealous patriot.

In July 1920, L'HUMANITE Newspaper carried the complete text of the French translation of "the first draft of the 'The Theses on the National and Colonial Questions'" written by V.I. Lenin, which brought these theses to the patriot Nguyen Ai Quoc. It was then that the decisive turning point was reached in his political thinking. The fundamental issues addressed in the "draft theses" to be presented at the 2nd Congress of the Communist International clarified the international significance of the October Revolution to the nations ruled by imperialism. From the time he first came into contact with the "draft theses," Nguyen Ai Quoc began to understand that the issues of the times were closely interrelated. He placed his full confidence in Lenin, the leader of the October Revolution, the founder of the Communist International, the person who had charted the course to the liberation of the oppressed nations. And, with that, he also gained a deep understanding of the nature and significance of the October Revolution. The 18th Congress of the French Social Party held in Tours marked a change in the organizational thinking of the patriotic militant Nguyen Ai Quoc. He had become a militant of the Communist International.

This historic milestone in the life and cause of President Ho Chi Minh was a precursor to the profound change that would occur in the development of the nation of Vietnam in the not too distant future.

When he became a member of the French Communist Party, Nguyen Ai Quoc worked hard, contributing his intelligence and talents to the party for the sake of the liberation of the colonies. He gave his thought to finding ways to bring the October Revolution to Vietnam to liberate his nation from the yoke of imperialist rule.

Through articles printed in the press of the French Communist Party and worker movement, of the Colonial League and the Communist International and the Soviet press, Nguyen Ai Quoc charted the course for winning independence for his nation. It was also the path by which the October Revolution would be applied to the realities of Vietnam.

In an interview with a correspondent of UNITA Newspaper, the organ of the Central Committee of the Italian Communist Party, Nguyen Ai Quoc said: "I will continue to follow the path charted by the October Revolution. I will apply the lessons that have been learned in practice."(3)

The lessons of the October Revolution were lessons of universal, international significance.

The process of learning how to apply the lessons of the October Revolution to the realities of Vietnam was a combined process of conducting theoretical research and gaining an understanding of the historical experience of the liberation struggle of the colonies as well as the socio-political situation of Vietnam at that time and the situation concerning the practical activities being conducted.

In December 1924, Nguyen Ai Quoc travelled to Canton, assembled outstanding patriotic Vietnamese within the Union of Hearts. He educated these persons and organized them into the Communist Youth Brigade, which became the nucleus

around which a mass organization with communist tendencies was organized, the Association of Vietnamese Revolutionary Youth. He spread Marxism-Leninism, first to patriots who were students who had achieved a certain level of education and were able to grasp revolutionary theory, thus developing patriotism along the path of the proletarian revolution.

Turning to practical activities, Vietnamese proletarian militants awakened and stimulated the development of the worker movement and the patriotic movement in line with the trends of the times, prepared for the birth of the party of the Vietnamese working class and organized and conducted activities in the same way as the Russian Bolshevik Party. One of the major lessons of the October Revolution was: only a staunch communist party "can lead the national liberation revolution to victory and the socialist revolution to success." (4)

In order for a party in the style of the Russian Bolshevik Party to come into being, exist and develop in Vietnam, it was necessary to struggle not only against the ruthless oppression of imperialism and the lackey administration, but also against reformist nationalist or revolutionary trends based on petty bourgeois and bourgeois views and against bogus patriotic parties of landowners and village bullies organized and guided by the imperialists.

"The Russian Revolution has taught us that in order for a revolution to be successful, the masses (workers and peasants) must form its base." (5) "Only an alliance of workers and peasants led by the working class can resolutely and completely topple counter-revolutionary powers, win political power for the laboring people, build this power, complete the historic tasks of the national, democratic revolution and advance to socialism." (6)

In Russia, prior to and during the October Revolution, Lenin's policy was to establish an alliance between the proletariat and poor peasants because the vast majority of middle peasants had not yet joined the revolutionary camp (it was not until early 1919, after middle peasants joined the proletariat, that Lenin called for the establishment of a solid alliance with middle peasants in order to build socialism). Vietnam was a semi-feudal colony. Therefore, when carrying out the national, democratic revolution against the imperialists and feudalists, the working class had to align itself with all peasants, including wealthy peasants, who were the bourgeoisie in the countryside. Once the national, democratic revolution had been completed and the advance to socialism was under way, Vietnam's working class aligned itself with working farmers, including middle farmers, bringing them to agricultural cooperativization, establishing the new class of socialist collective farmers and eliminating the stratum of exploiters in the countryside.

In the process of building the alliance between workers and peasants, the party of Vietnam's working class had to struggle against tendencies that were wrong. "Leftists" did not understand the essence of the lesson of the Russian Revolution concerning the alliance between workers and peasants. It was their policy to only establish an alliance with poor peasants, not to expand the alliance to include middle and wealthy peasants who were capable of fighting the imperialists and feudalists. And, rightists endorsed the alliance of workers and farmers but did not concern themselves with building and strengthening the role of the working class in leading and educating peasants

in the people's national, democratic revolution or in the socialist revolution.

Having gained a deep understanding of Lenin's theory concerning the national and colonial questions, Nguyen Ai Quoc saw that in order to drive off the imperialists, it was necessary to unite all patriotic forces of the nation in one front led by the communist party. The thinking concerning the Anti-Imperialist National United Front first emerged in the articles and speeches of Nguyen Ai Quoc in the early 1920's. This thinking reflected rigid adherence to principles (resolute opposition to imperialism) and very flexible tactics designed to widely attract allies, even if only temporary allies. "In every stage of the revolution, it is necessary, on the basis of an increasingly solid alliance of workers and peasants, to rally each revolutionary and progressive force, form a widespread front and achieve unity of action in many different forms among these forces in order to fight the common enemy."(7)

Ours is a nation that has a tradition of resisting foreign aggression. From the time that the French colonialists first invaded our country, our people, under the leadership of patriotic scholars, fought continuously. However, these predecessors who called for everyone to "fight the West" did not distinguish between the Western colonialists, the enemy, and the oppressed and exploited workers of the West, allies, with whom it was necessary to establish an alliance. Only under the light of Leninism was the correct thinking established concerning a national united front, thinking based on the stand of the working class and proletarian internationalism, thinking free of xenophobia and racist bigotry. This was one of the fundamental factors guaranteeing increasingly large victories for the Vietnamese revolution.

The Russian October Revolution showed the Vietnamese that to fight enemies of the class and nation, "violent revolutionary force must be employed to combat violent counter-revolutionary force and win and preserve political power."(8) Adhering to the Marxist-Leninist thinking on violent revolutionary force, President Ho Chi Minh concerned himself with enlightening and organizing the masses into a powerful force and called for the establishment of revolutionary armed forces, the training of military cadres and enemy proselyting activities at an early date in order to bring together forces for various forms of struggle for national liberation. Once political power had been achieved, President Ho Chi Minh and our party gave attention to building stronger political and armed forces and using violent revolutionary force to defend the gains made by the revolution against enemy aggressors and domestic reactionary forces collaborating with external enemies to sabotage national construction.

After the North was liberated (1954) and again after the South was totally liberated (1975), the dictatorship of the proletariat was established in our country. Our party understands that continuous efforts must be made to build and strengthen the dictatorship of the proletariat, from the standpoint of both theoretical thinking and practical activities, if we are to complete the glorious tasks of our country's revolution, successfully build socialism and advance to communism.

In struggle, it is necessary to possess a "thoroughly revolutionary spirit, always brandish the banner of revolutionary heroism, not be afraid of hardships or sacrifices and resolutely struggle to the end for national independence and socialism." (9) This spirit was manifested throughout the development of our country's revolution, most prominently in the 1930-1931 and 1940-1945 high tides. It is the spirit that "we would rather sacrifice everything than suffer the loss of our country, than be enslaved" and that "we must fight to the last drop of blood to defend the country," which President Ho Chi Minh expressed in the Appeal for a Nationwide War of Resistance (December 1946). It is also the spirit expressed in his Testament (May 1969): "Our fellow countrymen might have to sacrifice much wealth and many lives. Nevertheless, we must be determined to fight the U.S. pirates until total victory is won."

Through their noble sacrifices, our people won victories that marked the start of a new age and won the praise of progressive mankind.

When it took the path of the October Revolution, the Vietnamese Revolution became a part of the world proletarian revolution. From that point on, the Vietnamese revolution combined the strength of the nation with the strength of our times; combined patriotism with proletarian internationalism; and aligned itself with the international worker movement and the movement to liberate oppressed nations, with the Soviet Union and other fraternal socialist countries, with the international anti-imperialist and peace front.

Today, developing upon the experience of history as they move down the path of socialist construction, our people are continuing to build and strengthen the combination of patriotism with proletarian internationalism.

The influence of the October Revolution arrived in Vietnam somewhat later than it did in some of the other colonies of France (Algeria, Morocco, Tunisia and Martinique) and many other Asian countries (China, Japan, India, Korea, Indonesia and Afghanistan). But, under the banner of the great October Revolution and the leadership of President Ho Chi Minh and our party, our people advanced to victory after victory in the national, democratic revolution and have also done so in the socialist revolution and socialist construction.

Rejoicing over the victories that have been won and confident in the path being taken, our party and people are extremely grateful to those persons who carried out the great October Revolution and opened the way for us. They are extremely grateful to President Ho Chi Minh--the person who gave our people a profound understanding of the significance of the October Revolution and learned how to apply the lessons of the October Revolution to the realities of Vietnam, thereby stimulating the strong advance by Vietnamese society down the path of progress.

#### FOOTNOTES

1. According to what President Ho Chi Minh said to Soviet journalists in an articles carried in TRUD (LAO DONG) Newspaper dated 17 July 1957 entitled: "The Great October Revolution Lights Our Way to Happiness."

2. Ibid.
3. Ho Chi Minh: "Collected Works," Su That Publishing House, Hanoi, 1980, Volume I, p 197.
4. Ho Chi Minh: "Selected Works," Su That Publishing House, Hanoi, 1980, Volume II, p 466.
5. Ibid., Volume I, p 255.
6. Ibid., Volume II, p 466.
7. Ibid.
8. Ibid.
9. Ibid., p 467.

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TOWARD THE 70TH ANNIVERSARY OF THE GREAT OCTOBER SOCIALIST REVOLUTION:  
CONCERNING THE CHARACTER OF THE DICTATORSHIP OF THE PROLETARIAT IN LIGHT OF  
THE SPIRIT OF LENIN'S DOCTRINE

Hanoi TAP CHI CONG SAN in Vietnamese No 6, Jun 87 pp 36-42

[Article by Nguyen Van Dang]

[Text] As everyone knows, V.I. Lenin, who brought the thinking of Marx and Engels into the new age of world history, the age when capitalism became imperialism, and after studying the experiences of past revolutions and waging a struggle against opportunism, advanced a complete theory on the proletarian revolution and the dictatorship of the proletariat. Following the victory of the great October Revolution, Lenin's thinking on the dictatorship of the proletariat was greatly augmented on the basis of the practical experience gained during the early years of the Soviet administration.

Within the scope of this article, it is not my intention to present the entirety of this doctrine, but only to discuss the character of the dictatorship of the proletariat in light of the spirit of Lenin's doctrine.

Lenin once said: "The state is the proletariat organized into the ruling class"--this theory of Marx was an integral part of his entire doctrine on the role of the revolution of the proletariat in history. The pinnacle of this role is the dictatorship of the proletariat, is the political rule of the proletariat."<sup>(1)</sup>

From this the famous argument that the pinnacle of the revolutionary role of the proletariat in history is the dictatorship of the proletariat, we can see that the character of the dictatorship of the proletariat is the character of the working class, whose dictatorship this is.

The class character of the dictatorship of the proletariat is reflected in the goals of the socialist revolution, which are also the goals of the dictatorship of the proletariat; in the right of the party of the working class to provide leadership within the dictatorship of the proletariat system; in the strict sense of organization and discipline of the working class and its party; in the right of the laboring people, the nucleus of whom is the alliance of workers and farmers, to be the masters; and in its proletarian internationalism.

Of the characteristics mentioned above, the leadership of the party and the right of the laboring people, the nucleus of whom is the alliance of workers and farmers, to be the masters is the most important.

The leadership of the party is the most decisive factor in the character of the dictatorship of the proletariat. It is the highest and most vivid expression of the class character of this dictatorship.

When correct, the leadership provided by the party guarantees that the dictatorship of the proletariat is always oriented toward the goal of building a new society in which there is no exploitation of man by man; always solidly based on the stand of the working class and avoids every "leftist" and rightist deviation; and always maintains the high sense of organization and discipline of the modern working class while avoiding every deviation, avoiding the lack of organization and discipline, the decentralization and the liberalism that are the inherent maladies of the small-scale producer.

The leadership of the party guarantees that the enormous strength of the laboring people will be tapped and that they will voluntarily participate in the struggle for the victory of the new society. It taps the combined strength of all elements of the dictatorship of the proletariat and closely coordinates the activities of party organizations, state agencies and mass organizations, directing them toward a common goal.

It also guarantees that the proletarian dictatorship state adopts a correct foreign policy, one that embodies the spirit of proletarian internationalism.

We know that the party provides leadership by means of a correct revolutionary line (domestic as well as foreign); by means of scientific and effective organizational work; by appointing competent cadres to state agencies (of course, these cadres must have the confidence of and be elected by the people); by means of closely inspecting the activities of the state apparatus; by means of agitating and educating the masses so that they implement the line and policies of the party and state; and by means of the examples set by cadres and party members. The quality of each element of the leadership provided by the party exerts a very great influence upon the character of the dictatorship of the proletariat, upon its impact in the struggle for socialism. This is a reality that we have come to appreciate very deeply over the past 10 years.

The right of the laboring people, the nucleus of whom is the alliance of workers and farmers, to be the masters is also a very important factor in the character of the dictatorship of the proletariat because it gives this proletariat its enormous strength.

We are entirely correct when we say that the proletarian dictatorship state is the state of the laboring people, is elected by and serves the interests of the laboring people.

Lenin said: "Its (the Soviet administration--NVD) character--that which is increasingly attracting workers of all countries--is: in the past, the state

was managed in one way or another by the wealthy or by capitalists; today, for the first time, the state is being managed by the broad masses, by the very classes that were previously oppressed and managed by capitalism(...). It causes the oppressed to arise and increasingly take over the entirety of the management of the state, the management of the economy, the management of production."(2)

And, to achieve this, Lenin maintained that very much importance must be attached to raising the level of education of the working people, to educating and organizing them so that they participate in increasingly large numbers in the management of the state and the struggle against bureaucracy within state agencies, including the struggle against new bourgeois elements emerging within the state apparatus.

This is sufficient to show that, in the Marxist-Leninist conception, the class nature and the popular nature of the dictatorship of the proletariat combine as one to form the entity that is the character of the dictatorship of the proletariat. Only when these two characteristics are closely combined do we have a correct concept of the character of the dictatorship of the proletariat. In fact, if we only see the class nature of the dictatorship of the proletariat, we will become narrowminded and isolated in our views and this will cause the dictatorship of the proletariat to steadily lose the support of a very large force, the mass of non-proletarian working people, the persons who join with the working class to form the strong force behind social development in our times. Conversely, if we only see the popular nature of the dictatorship of the proletariat, our views will become the views of the opposite extreme and this will cause the dictatorship of the proletariat to stray far from the revolutionary stand of the working class.

The same can also be said about the closeness between the leadership of the party and the right of the working people, the nucleus of whom is the alliance of workers and farmers, to be the masters. If the leadership of the party is the decisive prerequisite to the implementation of the working people's right to be the masters, upholding this right of the working people strengthens the leadership of the party. This is a simple and easily understood truth.

In addition, it must also be said that the sense of organization and discipline of the working class is a very important part of the character of the dictatorship of the proletariat. Lenin once stressed: "The essence of this dictatorship (that is, the dictatorship of the proletariat--NVD) is the sense of organization and discipline of the advance unit of the working people, of their vanguard unit, of their only leader, the proletariat."(3)

The character of the dictatorship of the proletariat is even manifested in its functions and tasks. This dictatorship, as we know, has two basic functions: employing violent force and organizing-building, of which organizing-building is its main function. This dictatorship has very important tasks: crushing the opposition of the class enemies toppled by the revolution and thwarting their plots and actions to regain the power they lost; assembling the various strata of the broad masses around the working class in order to carry out socialist transformation and socialist construction and lay the groundwork for the total abolition of classes; building and strengthening national defense

forces in order to combat each scheme of external enemies to start a war, commit aggression or commit sabotage; and supporting and assisting in every way possible the struggle of the working class, the working people and oppressed nations within the capitalist system while building stronger cooperative relations with the fraternal socialist countries and struggling to safeguard world peace. These functions and tasks cannot be fulfilled if the dictatorship of the proletariat does not exhibit in practice the full strength of its class character.

The position of the proletariat in modern society has created the conditions for it to seize the role of leading the revolution. This role belongs to the proletariat not only because it possesses the most progressive ideology, Marxism-Leninism, not only because it is very highly organized and disciplined, more so than any other class can achieve, but also because it possesses a very thorough revolutionary spirit. Lenin said that, as a special class, the proletariat can continue its class struggle on its own. He did not mean by saying this that the proletariat could wage the struggle for socialism without aligning itself with anyone else. This is not what he meant at all! Contrary to this simplistic and distorted view, Lenin was saying that the class that was stripped of all ownership of means of production in the old society, the proletariat, is the only class that is directly and completely opposed to the bourgeoisie, consequently, it is the only class capable of carrying out the revolution to its conclusion.

Our understanding of the character of the dictatorship of the proletariat would be less than full were we not to see the class policies which the dictatorship of the proletariat and the party of the working class must implement in the struggle for the victory of socialism.

Under the conditions of the dictatorship of the proletariat, Lenin maintained that the basic attitude of the working class toward the class of petty bourgeoisie is to establish a close alliance with and lead them to socialism. He wrote: "As regards this class--or these segments of society--the task of the proletariat is to lead them, is to struggle to exert an influence upon them. Winning over those who are wavering, those who are unstable, this is what the proletariat must do."<sup>(4)</sup> And, to complete socialist construction, Lenin stressed: "...The proletariat, after defeating the bourgeoisie, must always adhere to the following basic line in its policy toward the peasantry: the proletariat must distinguish and clearly differentiate between working peasants and propertied peasants--between working peasants and peasants who are merchants--between laboring peasants and peasants who speculate.

The entire essence of socialism lies in making this clear distinction."<sup>(5)</sup>

This distinction is absolutely necessary in order to lead farmers correctly. Because, as we know, working farmers, besides their positive revolutionary traits which are dominant, still exhibit some negative traits: because theirs is the mentality of private ownership and because they lack the sense of organization and discipline, they "resist" the socialist revolution, even though this resistance is often only unconscious resistance.

Consequently, the working class' leadership of the petty bourgeoisie is, in some respects, a struggle. This struggle, however, is of a special type, is completely different from the struggle against the bourgeoisie.

And, to draw peasants and the other petty bourgeois strata to the path of socialist construction, Lenin introduced the famous cooperativization plan. This plan was a policy which combined private interests, the interests of private commerce with state control of these interests, thus insuring that private interests served the interests of society.

As regards the basic attitude of the working class toward the bourgeoisie, toward exploiters, Lenin said that determined efforts had to be made to suppress the resistance by exploiters while using civilized bourgeoisie to serve socialism.

This is why, in practical terms, it is wise for the working class, due to the fact that the bourgeoisie is divided in the process of the socialist revolution, to employ different measures in its relations with each of the different elements of the bourgeoisie. This was explained by Lenin as follows: "...We can and must combine measures that severely punish uncivilized capitalists, that is, capitalists who accept no form of 'state capitalism' and who refuse to consider any form of compromise and only continue to subvert the measures taken by the Soviet government by engaging in speculation, bribing the poor and so forth with measures aimed at reaching a compromise with or buying out civilized capitalists, that is, the ranks of those capitalists who accept 'state capitalism,' who have the ability to put state capitalism into practice and who are useful to the proletariat from the standpoint of being the intelligent and experienced organizers of large enterprises that supply products to millions of persons."(6)

In Russia following the October Revolution, the use of "civilized" capitalists to support socialism was clearly evident in the policy establishing the state capitalist segment of the economy and in the use of bourgeois specialists and bourgeois intellectuals.

The above mentioned class policies described by Lenin are the class policies which the party of the working class and the proletarian dictatorship system in every country must implement to guarantee the victory of socialism. And, this also gives us a clearer understanding of the class character of the dictatorship of the proletariat.

In addition, it must be said that the class policies of the party and the dictatorship of the proletariat, while implemented in all fields of life, are implemented first and primarily in the economic field. These class policies were reflected in the works written by Lenin on the New Economic Policy, that is, the policy which the proletarian dictatorship state must implement with the aim of restoring and developing the commodity economy during the period of transition to socialism. The basic thinking behind the New Economic Policy was: the strategically important role played by agricultural production and by working peasants in the construction of the country; the relationship between agriculture and industry within the context of commodity production; the alliance between workers and peasants in all fields, mainly the economic

field; the importance of commerce in the development of the commodity economy in the period of transition; making planning the center of economic activity while making widespread use of the relationships between goods and money and respecting the laws of commodity production; utilizing state capitalism as a transitional economic form; practicing cooperation in the fields of production, trade and credit; establishing inventory and control by the socialist state and all the people in the production and distribution of products; correctly combining the various economic interests, particularly the interests of the individual with the interests of society, etc. In our opinion, these basic ideas are of universal significance to all countries following the socialist path.

When talking about the dictatorship of the proletariat, we are talking about management by means of laws. Lenin maintained: "...We must very harshly punish every scheme, regardless of how small, to violate the law of the republic and must educate the broad masses of workers and peasants so that they quickly and effectively participate in supervising respect for the law."(7)

Deserving of attention is that during the early years of the Soviet administration, besides the major policies mentioned above, Lenin also introduced a number of important policies for the proletarian dictatorship state: establishing very strict inventory and control over the production and distribution of products; struggling to maintain labor discipline, with importance attached to achieving higher labor productivity and implementing distribution in accordance with labor, etc.

Lenin also presented the dictatorship of the proletariat with a plan for building socialism, the fundamentals of which were: carrying out the industrialization of the country and the electrification of the national economy; carrying out agricultural transformation in accordance with the principles of socialism; building collectivized agriculture on the basis of modern technology; carrying out the cultural revolution; and raising the standard of living.

All the matters mentioned above are of very important significance from the standpoint of guiding us in our efforts to build and strengthen the dictatorship of the proletariat in Vietnam so that it exerts a large impact in our people's cause of building socialism and defending the fatherland.

In my opinion, the major conclusions to be drawn once we have a thorough understanding of the class character of the dictatorship of the proletariat are:

1. Because the leadership of the party is the essence and soul of the dictatorship of the proletariat, it is of utmost importance to build our party so that it truly meets the standards of a party in power which has the responsibility of leading all the people in successfully performing the two strategic tasks and necessary to further increase the effectiveness of party leadership.

Lenin demanded that the proletarian party first adopt a correct political line, a correct political strategy and correct political tactics. To meet this demand of Lenin, the party must deeply study our country's actual situation, review the experience gained in building and defending the country, examine the experiences of the fraternal socialist countries and, under the light of Marxism-Leninism, research and discover, more fully with each passing day, the laws that govern the movement of Vietnam's society in the period of transition to socialism. And, from this perspective, Lenin's new economic policy is of very important significance in guiding our country.

More broadly stated, our party must improve itself in every respect: from the standpoint of its scientific as well as its revolutionary character; from the standpoint of its knowledge (particularly its knowledge of economic management and of science and technology) as well as its thoroughly revolutionary spirit; and from the standpoint of its sense of organization and discipline as well as its flesh and blood bond it shares with the people. The discipline of the party must be very strict in order to lay the foundation for strengthening the sense of organization and discipline within the apparatus of the proletarian dictatorship and throughout society. Lacking this, the political leadership provided by the party cannot yield the desired results no matter how much it is improved.

Of course, it is also necessary to improve the party's leadership of state agencies by not taking over the function of these agencies and employing persuasion as the only correct measure.

2. Our state must also improve itself in every respect so that it can correctly codify the positions and policies of the party and manage the very complex processes of economic and social development in our country very well. It must continuously study and improve its skill in the art of management on the basis of correctly understanding objective laws and reviewing its own experiences. In particular, it must maintain very strict internal discipline and expand the iron discipline of the dictatorship of the proletariat to all society to insure that the laws of the state are respected and enforced to the fullest degree possible. Of course, as the party must do with regard to its internal organization, our state must also concern itself with purifying itself internally and struggle to overcome bureaucracy, authoritarianism, special rights and privileges, departmentalism and localism. In other words, it must always maintain a close relationship with the people and be the loyal servant of the people. On the other hand, it must utilize all its power in the most correct and resolute manner possible against enemies of all types. In this way, each line and policy of the party and each law of the state will be fully implemented and our people's cause of building and defending the fatherland will win new victories.

3. The mass organizations must also properly fulfill their role within the proletarian dictatorship system by launching and organizing widespread revolutionary movements of all strata of the people to emulate one another in building and defending the fatherland. Under the leadership of the party, the mass organizations must make positive contributions to strengthening the proletarian dictatorship state. They must adopt a new way of working, one which is close to the people. They must attach importance to the work of

persuading the people, concern themselves with the life of the people and help to promote the democratization of all the country's activities.

Whether or not the proletarian dictatorship system in our country is strengthened depends, to a very important degree, upon the activities of these mass organizations, organizations which serve as a bridge between the state and the people as well as between the people and the party leading them.

4. The correct view concerning the character of the dictatorship of the proletariat is not at all a narrow class view. To the contrary, it encompasses boundless loyalty to the interests of the working people and a flesh and blood closeness to the people in the spirit of the important lesson of the 6th Congress: "Make the people the base." Understanding of this character is displayed in practical terms by being loyal to the ideals of socialism; wholeheartedly serving the people; taking the resolute stand of the working class; consciously acting in accordance with objective laws; displaying a high sense of organization and discipline in labor, production, work and everyday life, etc. These are also the noble virtues which each of our cadres and party members must give attention to cultivating for the sake of the interests of the party and the people.

By doing these things, we will make practical contributions to strengthening the dictatorship of the proletariat and correcting one of the major shortcomings cited by the 6th Congress: "The dictatorship of the proletariat has been relaxed in the management of the economy and society, in the ideological and cultural struggle and in the fight against the cunning schemes of sabotage of the enemy."

This is also a practical way to celebrate the 70th anniversary of the great October Socialist Revolution.

#### FOOTNOTES

1. V.I. Lenin: "Collected Works," Progress Publishers, Moscow, 1976, Volume 33, p 33.
2. V.I. Lenin: "Collected Works," Progress Publishers, Moscow, 1977, Volume 38, pp 286-287.
3. V.I. Lenin: "Selected Works," Su That Publishing House, Hanoi, 1959, Book II, Part II, p 191.
4. V.I. Lenin: "Collected Works," Progress Publishers, Moscow, 1977, Volume 39, p 320.
5. V.I. Lenin: "Selected Works," Su That Publishing House, Hanoi, 1959, Book II, Part II, p 261.

6. V.I. Lenin: "Selected Works," Progress Publishers, Moscow, p 523.
7. V.I. Lenin: "Collected Works," Progress Publishers, Moscow, 1978, Volume 44, p 413.

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## IN THE STYLE OF HO CHI MINH

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[Article by Song Thanh]

[Text] Throughout his life, Uncle Ho molded himself in the example of the great Lenin. The Ho Chi Minh style represents the continuation, the development of the style of Lenin.

The Ho Chi Minh style can be studied from many different perspectives. In this article, only three main fields will be discussed: his style of thinking, his style of leadership and his style of work.

### 1. Style of thinking.

One question that arises is: how was the youth Nguyen Tat Thanh, who, when he left in search of the path of national salvation, was only 20 years of age, was not highly educated and did not know much, able in the space of only 10 years to go further than his predecessors at home, further than many leaders of the national liberation movement in the world at that time? What caused him to endorse the 3rd International, adopt Marxism-Leninism--the pinnacle of the intelligence of mankind--and become an outstanding militant of the international communist and worker movement, one who made worthy contributions to the development and enrichment of Marxism-Leninism under the new circumstances and conditions?

Most importantly, it was his profound recognition that the age in which he was living required adopting the style of Lenin. In the space of 10 years, he travelled to many imperialist and colonialist countries throughout Europe, Asia, North America and Africa. While engaging in revolutionary activities, he also conducted research and studied in the centers of culture, science and revolution of Europe, such as London, Paris, Moscow...and could read Lo Tan, S. Dickens, L. Tolstoy, A. France and others in the language in which they wrote. He worked closely and established friendships with many famous cultural activists and revolutionary leaders, outstanding representatives of the intelligence of the times. In this way, he equipped himself with an education that can be called vast in many fields. He not only brought himself to the pace of life in his times, but also predicted the future development of history. Uncle Ho's brilliant predictions concerning the inevitable outbreak

of the war in the Pacific, of World War II and the emergence of a host of socialist countries, including independent Vietnam, in 1945 and so forth were manifestations of vision that transcended time, spanned space and saw into the future, of an outstanding intellect that accurately grasped the laws governing the movement and development of history.

Uncle Ho achieved this stature because he cultivated for himself an independent, autonomous and creative style of thinking. This style was the antithesis of accepting the old, established order. It was the style of rejecting every approach that simply copied things as they were done elsewhere and constantly searching for, thinking about and thoroughly investigating the essence of things and phenomena. As part of this style, the transformation of reality was the measurement of truth. From the time he departed in search of the path of national salvation until he passed from this world, he studied and gained an understanding of every issue, major issues as well as issues of minor importance, related to the nation and the country, each theory and experience of the world revolution...in an independent, autonomous and creative spirit. Therefore, he saw things that many other persons did not.

His rejection of the "go East" path in favor of going to the West at a time when the "go East" movement and the prestige of Phan Boi Chau were at their height was a wise decision of historic significance, one which Uncle Ho made when he was only 20. He deeply studied and summarized modern revolutions from a critical perspective and never allowed himself to be deceived by a glittering exterior. As a result, he reached the conclusion at an early date: "The French Revolution as well as the American Revolution were bourgeois revolutions, that is, were not thorough revolutions. In actuality, while renowned as republics and democracies, they strip workers and farmers at home of all power and, overseas, oppress colonies. The Vietnamese revolution should remember these facts."(1)

When the October Revolution won victory, Uncle Ho was alone among the patriotic and revolutionary Vietnamese active in France in endorsing and encouraging revolution by workers and farmers. When the split occurred within the French Social Party and at a time when many of the well known comrades and friends who guided and assisted Uncle Ho during the early days of his participation in the French worker movement were either members of the 2nd International or had joined the 2nd and One-half International, he endorsed the 3rd International. His standard was: "I will support whichever international defends the colonial peoples." After becoming a communist, he continued to criticize and struggle against the shortcomings and mistakes in the line and policies of the French Social Party and other fraternal parties concerning the national and colonial questions.

His independent, autonomous and creative style of thinking was also clearly manifested in his spreading Marxism-Leninism to Vietnam and in how he expressed the essential spirit of this theory. Following Lenin's teaching to revolutionaries of the East concerning how to teach communism so that it was understood by the people, our Uncle Ho "presented the genuine communist doctrine taught to communists in the most advanced countries in the language of his people." In his theoretical style, "the great truths of the times were presented in simple and meaningful words" and "the most essential elements of

things were explained in the simple language of the masses." Because, the words he spoke were words that were to be applied. As Pham Van Dong wrote: "A sentence is an action and one must act before he can speak."

Studying the style of thinking of Uncle Ho and adopting a new approach based on this style are: as he himself taught, to "learn the spirit of how to deal with everything, with everyone else and with oneself. They are to learn the universal truths of Marxism-Leninism in order to creatively apply them to the actual circumstances of our country. We learn so that we might act. Theory must go hand in hand with practice."(2) This also reflects a concrete, practical approach and consistency between words and actions, which are characteristics of the Leninist style under present conditions.

## 2. Style of leadership.

The Ho Chi Minh style demands strict adherence to the principles of democratic centralism, collective leadership and personal accountability. Uncle Ho said: "Collective leadership and personal accountability must always go hand in hand... Collective leadership is democracy. Personal accountability is centralism.

Collective leadership plus personal accountability equal democratic centralism."(3)

Why is collective leadership necessary? It is necessary because "one person, no matter how wise, talented or experienced he might be, can only see, can only examine one or many aspects of an issue. He cannot see or examine each and every aspect of every issue."(4) Uncle Ho used the proverb "The wisdom of many is better than the wisdom of one" to extol the power of the intelligence of the collective.

Why is personal accountability necessary? "The lack of personal accountability gives rise to the practice of one person assigning a job to someone else and this person turning it over to still another person, as a result of which no one does the job that needs to be done. It becomes a matter of 'there are so many monks, no one is left to close the temple door.'"(5)

The democratic, collective way of working demands adherence to the mass line, that is, demands that democracy be practiced on a broader scale internally and with the masses, demands respect for elected agencies. Uncle Ho taught: "We must listen to the opinions of party members, of the people, of those persons who are 'not important.'"(6) Thus, the leader must take the initiative and go down to basic units to listen to the opinions of the lower level, to listen to what the masses have to say, not to make long-winded speeches and not listen to what anyone else has to say. And, "it is a very bad phenomenon when cadres do not speak out, do not voice their opinions, do not criticize others and even flatter themselves. It is not that they have nothing to say, but that they do not dare to speak out, that they are afraid."(7) Therefore, according to Uncle Ho, we must know how to encourage cadres "so that they are bold enough to speak out, bold enough to voice their opinions."

The 6th Congress of our party declared war on hypocrisy and extolled the spirit of squarely facing the truth. To adopt the new approach, the lower level must not be afraid to speak the truth and the upper level must not be afraid to hear the truth. That is, both levels must possess the necessary qualities. But this is only one side of the issue. The leader, of course, must possess the personal quality of not lying to anyone. However, if he does not want anyone to lie to him, he must also employ correct work methods and possess a good style of leadership.

Uncle Ho set a bright example of the democratic and collective style of leadership, of correctly following the mass line. Although he was the highest and most prestigious leader of the party and state, he never placed himself above the organization or outside its control and supervision. Rather, he always discussed matters with and sought the opinions of the members of the Central Committee's Political Bureau, the government and the National Assembly. He always attached importance to party plenums and participated in the activities of his agency's party chapter. In particular, he respected the authority of the executive agencies elected by the people and, when necessary, convened special political conferences--a kind of modern day Dien Hong Conference--to solicit the views of national representatives.

Uncle Ho strictly complied with the procedures for making decisions. Concerning every economic, political, military, diplomatic and other issue, he relied upon the specialized apparatus set up by the party and state, made thorough preparations and widely exchanged opinions to insure that each position, policy and resolution of the party and state was carefully considered and carefully chosen.

Once a resolution has become part of life, its implementation must be inspected. But how is this to be done? Uncle Ho pointed out that we must "go and see for ourselves." The reasons why the truth is still being distorted are that the various sectors and levels are not performing serious or thorough inspection and control work and the fact that there is still much bureaucracy. Uncle Ho set an example of thoroughness. According to documents at the Ho Chi Minh Museum, in the space of 10 years of socialist construction in the North (1955-1965), Uncle Ho, although elderly, in frail health and busy, made more than 700 trips to visit localities, worksites, enterprises, cooperatives, troop units and so forth from the mountains to the islands to pay his regards to soldiers and other fellow countrymen, examine the situation firsthand and inspect the work being done. On the average, he went down to the basic level 70 times each year and held a meeting between the leader and masses 6 times each month. This is a record that will be difficult to surpass, particularly in view of the facts that this leader was more than 70 years of age and occupied the highest leadership position of the party and state.

### 3. Style of work.

Concerning the adoption of a new style of work, the Political Report of the Party Central Committee at the 6th Congress pointed out: "We must stop working in the bureaucratic way, working through many unnecessary intermediary

echelons. We must put into practice a work style based on investigation and research, one which expedites work. Cumbersome procedures which pose an inconvenience to the people must be eliminated."

Uncle Ho once voiced the following criticism: "Our methods of providing leadership are not democratic, our work methods are not positive." (8) In "Changing Our Work Methods," he presented a rather large number of these "non-positive" factors. They were: liberalism, the practice of doing things to suit convenience, procrastination and sloppiness; bureaucracy, a lack of investigation and research and a lack of detail and specificity; formalism and remoteness from the masses; the absence of clearly defined responsibilities; an insincere attitude in self-criticism and criticism; tolerating the shortcomings of others; paternalism, etc. They were: decadent styles, which are inherent products of small-scale production, backwardness and decentralization, which we could not correct when we entered the war of resistance against France. It is regrettable that these maladies still have not been eliminated.

The new management mechanism demands that we adopt a new style of work. The standards of this style are interests and practical returns. The new style demands that each person possess the spirit of activism and dynamism and always examine, improve upon or adopt new methods and means with the aims of achieving high socio-economic returns and serving the people in the best possible manner. It demands, on the part of each cadre, consistency between words and actions, an unrelenting attitude toward irresponsibility and public evaluation of the truth in order to improve the situation. This is the scientific, revolutionary and creative style.

Uncle Ho was a bright example of this style of work. Most importantly, it is a scientific style: conducting investigations and research, gathering information and grasping the essence of the situation and tasks before making a decision. He wrote: "Every job must be clearly, carefully and thoroughly investigated." "Only by clearly understanding the situation can the party adopt correct policies." (9) To grasp the situation, he used functional apparatus to assist him in making preparations; at the same time, he personally visited basic units. His approach was often one of "secrecy and surprise," of not making his intentions known in advance. Whether in his private company or among the public, whether behind his back or to his face, whether where he ate his meals or lived or where he worked, Uncle Ho never allowed anyone to lie to him.

The revolutionary quality of his style was expressed in his honest, forthright and brave self-criticism and criticism in which he cited both strongpoints and mistakes, considering this to be the sign of "a progressive, bold, sure and genuine party." He denounced every attempt to conceal or hide the truth, considering such to be "a lie to the party, a crime against the party." He always attached importance to practical results, to performing every proposed job with determination and thoroughness. He often encouraged us: "Formulate plans that are practical, that can be carried out. Don't formulate plans that look good on the surface, are large and take up thousands of lines but cannot be implemented." (10)

Uncle Ho's style was a creative style. In all jobs, both large and small, he looked for and adopted new approaches. He did not accept the old way of doing things. He pointed out: "Conservative thinking is like a rope that binds our hands and feet. We must throw off this rope. To make progress, our spirit must be bold and we must dare to think and act."(11) His life was an unparalleled example of creativity. His example awakens and strongly inspires creativity in each of us. As a result, this style is also the style of the times.

At present, we are struggling to adopt a new style of leadership and a new style of work in accordance with the requirements set forth by the 6th Party Congress. In adopting a new style, we are adopting the Leninist style of Uncle Ho, that is, are returning to our origins, to established principles and standards that have been tested in practice and meet the demands of life today.

#### FOOTNOTES

1. Ho Chi Minh: "Selected Works," Su That Publishing House, Hanoi, 1980, Volume I, p 247.
2. Ho Chi Minh: "Selected Works," Su That Publishing House, Hanoi, 1980, Volume II, p 105.
3. Ho Chi Minh: "Collected Works," Su That Publishing House, Hanoi, 1985, Volume 5, p 143.
4. Ibid., p 142.
5. Ibid., p 143.
6. Ho Chi Minh: "Collected Works," Su That Publishing House, Hanoi, 1984, Volume 4, p 506.
7. Ibid., p 500.
8. Ibid., p 456.
9. Ibid., p 484.
10. Ibid., p 287.
11. Letter to the fellow countrymen and cadres of Nam Lien, 13 February 1962, on file at the Ho Chi Minh Museum.

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## CEMA AND THE INTERNATIONALIZATION OF THE SOCIALIST ECONOMY

Hanoi TAP CHI CONG SAN in Vietnamese No 6, Jun 87 pp 47-52

[Article by Nguyen Khac Vien]

[Text] In June 1978, Vietnam joined CEMA (the Council for Mutual Economic Assistance) and became one of the 10 official members of this bloc. This was not a "tactical" move as many persons have interpreted it as being, but was, from an historical standpoint, an inevitable step by our country along the path to socialism. Joining CEMA meant that our country acquired the necessary, indispensable prerequisites to building socialism. It was an historic event, the importance of which must be correctly appreciated.

Let us take a look around ourselves: Of all the things we are using today, be they things used in the production of products or things used in everyday life, how many are made entirely by our country? Very few are. Even the paddy that we think is an exclusive product of the fields of Vietnam encompasses many international factors: from hybrid rice and new varieties of foreign countries to pumps, tractors, pesticides, chemical fertilizers and so forth. On the higher level of development that we are aiming to achieve, the international division of labor and scientific-technical advances require a much higher level of internationalization.

The internationalization of economic life is a fundamental reality of our times. In ancient times, man established trade relations among the different large and small communities of his times. With the emergence of capitalist production, these relations became worldwide in scale. Capitalism brought about a revolution in the internationalization of the economic life of countries, primarily by creating a world market. The markets of relatively small "worlds" gradually became the markets of larger "worlds" and ultimately became a world market in the true sense of the word. In "German Ideology," Marx and Engels described this process and said that when capitalism reached the level of being the ruler of the world in the 19th century, "it truly made history when it made each civilized country and each individual within these countries who wanted to satisfy his needs dependent upon the entire world..."(1)

This point was also stressed in the "Communist Manifesto."

Today, the process of internationalization among the capitalist countries is proceeding very vigorously and is "challenging" the socialist countries. If the process of internationalization of the economy of the socialist countries develops at a slower pace, socialism will find it difficult to catch up to and surpass capitalism from an economic standpoint.

Recently, in the Soviet Union and other socialist countries, there has been much discussion of the concept "world economy." Previously, this concept was understood as a simple arithmetic sum: the socialist world economy plus the capitalist world economy. This concept artificially divided the world economy into two economies at a time when strong economic and scientific-technical relations have been and are continuing to strongly develop between the two sides, even though each side has retained its socio-economic character and a bitter struggle continues to occur in the economic field between the two sides. This is not to mention the global issues which all countries have the responsibility of helping to resolve.

The strong and profound process of the internationalization of economic life now taking place is bringing with it new ways of looking at things. For example, whereas we once evaluated the economic potential of each country mainly on the basis of its natural resources and labor, today, these factors no longer play the role of foremost importance. From an economic standpoint, the position of each country lies in the extent to which it participates in the process of internationalization, in the international division of labor. Here, intellectual potential has emerged as the factor of foremost importance (see: G. Sakhnadarov: "Internationalization--Origins, Essence and Levels of Development," MEMO Journal, Russian version, Moscow, No 5, 1986).

From the very outset, the founders of scientific socialism considered socialism to be not only a national product, but an international product as well. Because capitalism had turned the history of mankind into the history of the entire world, the proletariat, as Marx and Engels said, "Could only exist on the scale of world history, just as communism, that is, the activities of the proletariat, can only exist as a part of 'world history'." (2) This is the essence of the world class, is the internationalist stand of this class.

Socialism, regardless of the country in which it is built, is also an international product.

In the case of economically backward countries that have not experienced the stage of capitalist development, such as ours, it is even more of an international product. In these countries, the path of socialist development is selected mainly as a result of political and ideological consciousness in the revolutionary struggle fought under the leadership of the party of the working class but the necessary economic bases are lacking. These countries cannot create the material-technical bases of socialism on their own. These bases can only be acquired with the support of and through cooperation with the advanced socialist countries, countries in which the working class has won victory and achieved a high level of development. How can our country, a country in which the economy is still backward, labor productivity is very low, the population is growing rapidly, the need for food is not being fully

met and capital formation is not being carried out within the national economy, create the material-technical bases of socialism in anything less than a few decades! If we do not rely upon the assistance of the fraternal socialist countries, most importantly the Soviet Union, we will either need to continue to "tighten our belts"(until who knows when!), "belts" which cannot really be "tightened" anymore, or we will need to rely upon the developed capitalist countries and then fall into the sphere of neo-colonialism--which is something which our entire nation has struggled against for years.

Relying upon the fraternal socialist countries in no way means that these countries will take our place. The fraternal countries only provide us with the sources of initial capital, with the economic and scientific-technical means and conditions we need. We must go about our work in a serious manner and make effective and good use of this assistance. We have learned painful lessons as a result of wasting aid from the fraternal countries, particularly the Soviet Union, aid worth tens of billions of rubles.

Thus, for all socialist countries, the internationalization of economic life is a trend that cannot be resisted if we want socialism to achieve success. The direction of this trend is toward "the creation of a single world economy as an entity managed by the proletariat of all nations in accordance with a common plan."(3) The process of socialist internationalization differs in order to achieve success. The direction of this trend is toward "the creation of a single world economy as an entity managed by the proletariat of all nations in accordance with a common plan."(3) The process of socialist internationalization differs in fundamental ways from the process of capitalist internationalization:

Whereas the process of capitalist internationalization occurs spontaneously (primarily) through private capitalist business activities (primarily), the process of socialist internationalization is carried out in a conscious and planned manner through activities of the state that serve as the framework for the operation of basic units. Whereas the process of capitalist internationalization violates the national sovereignty of small, weak countries, the process of socialist internationalization fully respects the national sovereignty of participating countries. And, lastly, whereas the process of capitalist industrialization leads to an increasingly wide gulf between the developing countries and the developed countries, the process of socialist internationalization brings countries closer together and achieves parity from the standpoint of economic and scientific-technical development. Bulgaria, once a backward country that has now become a country that has a developed industry and has caught up to the other developed countries, is a typical example. The statutes of CEMA state: in each decision, every country, be it large or small, has one vote and any country that is not or does not yet want to participate in a project has the right to participate in a decision. No one has the right to force anyone to make a decision.

However, the superior aspects of the process of socialist industrialization do not automatically exert their impact. Rather, they must be utilized in a conscious and effective manner.

Before the birth of CEMA (1949), there were between the Soviet Union and the countries of Eastern Europe forms of economic cooperation based on trade and mutual assistance. All the countries of Eastern Europe received generous assistance from the Soviet Union during the early post-war years, when the Soviet Union itself was experiencing very many difficulties. Without this assistance, it would have been impossible to survive the serious famine that occurred in some Eastern European countries and these countries would not have been able to restore their economies. With this assistance, the countries of Eastern Europe brought about a fundamental change in the direction of their overseas economic relations, freeing themselves from control and monopoly by the Western countries and joining the Soviet Union in creating a new world market of the socialist countries. J. Pabst, a German researcher, has observed: "The establishment of solid relations with the Soviet Union and the non-repayable, fraternal assistance provided by the Soviet Union has been factors of decisive significance in the stable and guaranteed existence of the people's democracies."(4)

In January 1949, the Council for Mutual Economic Assistance (CEMA) was established with the participation of the Soviet Union, Bulgaria, Hungary, Poland, Czechoslovakia and Rumania. Later, the GDR and Albania also joined. Subsequently, Mongolia, Cuba and Vietnam joined CEMA. Today, CEMA consists of 10 countries within the socialist community (Albania withdrew).

The forms of economic development among the CEMA member countries have increasingly developed. In the early 1960's, besides bilateral economic cooperation, a shift was made to the coordination of 5-year economic development plans. The matter of coordinating the development of a number of economic and scientific-technical sectors was also raised: specialization and cooperation in the production of machinery and equipment; the development of raw material and energy bases and the rational use of these bases; the coordination of investment budgets in the building materials and processing industries, etc. A number of enterprises and projects operated jointly by various countries were also constructed. The joint economic organizations of CEMA were established.

However, economic and scientific-technical development demanded that economic cooperation be raised to a higher level. In 1971, the CEMA member countries joined together and adopted the "General Program for the Further Improvement of Cooperation and the Development of Socialist Economic Integration Among the Member Countries of the Council for Mutual Economic Assistance," which, in the press, has been abbreviated as the "Socialist Economic Integration Program."(\*)

The "Socialist Economic Integration Program" can be considered an economic cooperation platform of the CEMA member countries. It defines the goals of integration in accordance with the principles of socialist internationalism as: increasing the economic strength of the world socialist system; strengthening the economy of each member country; maintaining the unity of the world socialist system and its superiority; and insuring the victory of socialism in the competition with capitalism. Integration is the process of consciously charting a rational course with the aim of developing the international division of labor so that the economies of the member countries

are brought closer together and a modern and more efficient economic structure is established within these countries. It is the process of gradually raising the levels of development of member countries and bringing them closer together, of creating strong and lasting ties within the key sectors of the economy, science and technology. It is the process of expanding and strengthening the international market of these countries and improving the commodity-money relations of these countries.

This general program touches upon all fields: cooperation in planning and specialization, cooperation in production, the use of national economic funds on an international scale, scientific-technical cooperation, the establishment of international economic organizations, the improvement of monetary-financial organizations, etc.

A portion of this program deals exclusively with aid and assistance for underdeveloped member countries so that these countries can achieve more rapid and effective development in conjunction with mobilizing and utilizing as much of their own manpower as is possible. At first, this portion of the program was used to provide aid and assistance to Mongolia. Later, this aid and assistance were extended to Cuba and Vietnam.

It is impossible to mention all the activities that have been carried out since the early 1970's by the member countries to implement this program. All that need be said is that the foreign trade among the CEMA member countries increased greatly in the 1970's reaching 111 billion rubles in 1979, a 3.3 fold increase over 1970.

However, not everything has gone smoothly. As it did in the past, imperialism has been constantly looking for every way to undermine the growth of world socialism. Moreover, this period has also been a time when, as Gorbachev said, socialism has been encountering large difficulties in its development: stagnation is clearly evident in a number of countries, including the Soviet Union; economic efficiency is low; negative social phenomena are spreading, etc. The socialist community must tap the strength of its intellect and join in united efforts in order to solve these problems. In late 1985, the member countries joined together through the "General Program for Scientific-Technological Development up Until the Year 2000," the priorities of which are the following five: applying electronics within the national economy; achieving general automation and applying flexible production systems; accelerating the development of atomic power; manufacturing new building materials with predetermined properties; and bringing about a revolutionary leap forward in the development of bio-technology.

At present, the majority of the CEMA member countries considers the matter of primary importance in reforming the mechanism of cooperation to be shifting the focus of integration to the enterprise level (federations). New forms of economic integration will emerge. Enterprises in various countries will establish direct relations with one another and can even establish joint businesses of several countries and international economic combines. Several measures are already being taken: permitting economic organizations, mainly enterprises (federations) to send technical cadres and workers on their own to various countries without having to go through the central level; permitting

fraternal countries to invest in production within one's country, etc. The activities of CEMA must be supported by economic, organizational and legal tools. At the 11th Congress of the German Socialist Unity Party (1986), Gorbachev said: of primary importance are the needs to widely develop direct ties among scientific organizations, enterprises and federations, establish joint corporations and resolve a host of legal and financial problems. This is, in essence, a matter of establishing a new economic mechanism for our cooperation. Here, it is necessary to conduct a bold experiment, overcome the obstacles posed by bureaucracy and localism, abandon outmoded patterns of thinking and correct the problem of some management cadres not fully appreciating the importance and effectiveness of cooperation. Of course, with the proviso that all cooperation be mutually beneficial, consideration must be given to the interests of all sides participating in this cooperation.

Vietnam has been a member of CEMA for 9 years. Generally speaking, cooperation with CEMA has been and will continue to be a matter of special importance in helping our country's underdeveloped economy to gradually develop and move ahead. The Political Report of the Party Central Committee at the 6th Congress observed: "The general program of CEMA to assist and cooperate with Vietnam up until the year 2000 on the basis of preferential terms is a major advantage for us in developing our overseas economic relations, carrying out industrialization and building the new economic structure of our country."(5)

Our country has yet to make full use of the advantages afforded by cooperating with the CEMA member countries. The level of cooperation is still low and primarily takes the form of foreign trade (usually with a large foreign trade deficit) and credit. We are not truly participating in the international division of labor of the world socialist community. In essence, this means that we have yet to take part in the process of economic integration of CEMA. We continue to operate in virtually the same way that we always have: borrowing capital and seeking aid in order to do things on our own, thus wasting much of the aid provided by the fraternal countries. And, among some cadres engaged in overseas economic work, there is clearly a lack of commitment concerning the strategic direction to be taken in cooperation. They are still "looking at both streams" and want to "catch fish with both hands." Some even look for ways to further their personal interests on the capitalist market rather than seriously implement the economic cooperation and trade agreements and contracts with the fraternal countries. Economic cooperation with the CEMA member countries has become a "secret" zone, which only a few persons know well and about which the masses know nothing. How much aid we receive from the fraternal countries, which items are received in aid, what the terms of this aid are and so forth, all these things are kept secret, thus creating favorable conditions for a number of persons to do things that are wrong. And, when their schemes fall apart, everyone bears the consequences!

If we do not abandon these old views and old ways of doing things, it will be impossible to bring about an important change in our economic cooperation with the CEMA member countries, cooperation which is the thrust of our country's overseas economic strategy as defined by the 6th Congress.

Let us not use "maintaining national sovereignty" as a reason to limit our cooperative relations with CEMA. This cooperation never weakens, but strengthens the national sovereignty of every country, as the experience of Mongolia, Cuba, Bulgaria and other countries has shown. Cooperation with the CEMA member countries does not reduce the ability of our country to engage in economic cooperation with other countries. Rather, it gives us a solid strategic footing and thus prevents our cooperation with large capitalist countries, such as the United States, Japan and Western Europe, from being used by external enemies to serve their malevolent political objectives of separating our country from the socialist community and making it impossible for our country to follow the path of socialist development.

Our country's economy is experiencing major difficulties. Of course, fundamental changes must be made within our country's national economy. The resolution of the 2nd Plenum of the Party Central Committee set forth important guidelines and measures concerning this matter. However, the implementation of these guidelines and measures for bringing about change depends, to a very large degree, upon an indispensable premise: strengthening our economic cooperation with the CEMA member countries, most importantly with the Soviet Union.

One important point in our adoption of new economic thinking is that we must be deeply conscious of the need to eventually integrate ourselves in the world socialist economic community, to pool capital, participate in the division of labor, organize and manage units jointly and share profits and losses instead of continuing to seek aid in order to do things on our own. This approach will not only bring us large amounts of liquid capital, machinery and technology, but will also force us to move ahead in the field of organization and management, in the way that we operate. Having a host of enterprises operated jointly with the fraternal countries in our country will rapidly change the socio-economic face of Vietnam. Our future is not as a powerful Vietnam that stands alone, but stands within an increasingly large and close world community in order to build socialism and communism.

#### FOOTNOTES

1. K. Marx and F. Engels: "German Ideology," Su That Publishing House, Hanoi, 1984, p 88.
2. Ibid., p 46.
3. V.I. Lenin: "Collected Works," Progress Publishers, Moscow, 1978, Volume 41, p 201.
4. See: "The New Style International Relations," Russian version translated from German, Progress Publishers, Moscow, 1983, p 50.
- \* Allow me to clarify the term "integration." In Russian, it is intergratzia. In French and English, it is integration. Its meaning is "to make whole by bringing together all necessary parts." In Vietnamese, it has recently been translated in the press as "association"[lien ket],

which does not fully express this relationship. In my opinion, it is more appropriate to use the term "integration"[hoa nhap].

5. The Proceedings of the 6th Congress, Su That Publishing House, Hanoi, 1987, p 81.

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CSO: 4210/11

INVESTIGATIVE REPORT CONCERNING THE STATE'S AGRICULTURAL MATERIALS SUPPLY  
POLICY

Hanoi TAP CHI CONG SAN in Vietnamese No 6, Jun 87 pp 53-57

[Article by Xuan Kieu]

[Text] Everyone knows that because of our poor management, 40 to 50 percent of the materials and goods stored in state warehouses is siphoned off to the free market. In the case of a poor country such as ours, shortages of materials are unavoidable. However, to allow a large quantity of materials and goods of the state to be wasted, lost or become the means by which dishonest persons make money is a major shortcoming on the part of managers.

Millions of farmers expect to receive assistance from the state in the form of supplies, raw materials and so forth. But the state is unable to meet their needs (even at the minimum level of the fertilizer per sao of rice needed by cooperatives to produce the yield for which they are contracted). Many farm households must buy fertilizer, pesticides and so forth on the free market in order to carry out production. Unable to buy materials on the free market, some cooperative members have returned to their cooperative some of the land they agreed to work under contract. The following data on investments in nitrogen fertilizer per sao of rice (1986) at a number of cooperatives give us reason to think about the agricultural materials supply policy.

Kilogram per sao of rice

| Cooperative | State Investment under<br>the Plan | Additional Investment Made<br>by Cooperative Members |
|-------------|------------------------------------|--|
| Nga Giap    | 2.2                                | 7.8  |
| Dinh Tien   | 2                                  | 5.0  |
| Thieu Hung  | 2.7                                | 5-6  |
| Quy Loc     | 4                                  | 4.0  |

Generally speaking, at above average and excellent cooperatives (such as the four mentioned above), additional investments (such as fertilizer, pesticides, lime and so forth) make up 40 to 50 percent of the total cost per quintal of paddy. At average and weak cooperatives, this percentage is much higher. Deserving of attention is that although the quantity of materials supplied under the state plan to farmers has greatly declined compared to previous

years, the amount of grain being mobilized (by many different methods) has increased, thus causing a decline in the collective funds of cooperatives and the income, in paddy equivalent, per work day of cooperative members. In actuality, the repeal of the paddy and pork obligations several years ago has not reduced the obligation of farmers to contribute to the state. In addition to taxes, which are a compulsory contribution, other payments in paddy (which are virtually compulsory), including water conservancy fees, tractor rental, payment for crop services, sales at "negotiated" prices, two-way contracts, the sale of paddy saved, contributions to national defense funds, new economic zone funds and seed funds (paid to the district), to the district development fund and so forth, have increased and make up a large percentage of the total paddy output of the cooperative (at the four cooperatives mentioned above, the lowest percentage of paddy mobilized at one cooperative is 27 percent, the highest is 40 percent, which does not include the paddy used in joint businesses and economic ties or the paddy used to trade for raw materials and building materials for the construction of public projects).

This situation is occurring at practically every cooperative. Although the extent of this situation varies, generally speaking, the contributions made by farmers have been steadily increasing and the assistance provided by the state to them has been steadily declining. This fact reminds us of the need to take practical steps to resolve the problems being encountered by farmers, beginning with the specific problems that they face day to day, problems which affect their production and living conditions.

As currently used, two-way economic contracts between state agencies and cooperatives are essentially barter and are usually not implemented in a way that is fair. Practically all contract violation have been committed by state agencies (grain corporations, supply corporations, home trade corporations, foreign trade corporations, etc.). Many cooperatives deliver the products required under their contracts from the start to the end of the season, even from one year to the next, without receiving the goods due them from the state. In October 1986, the Thieu Hung Cooperative (Thieu Yen District, Thanh Hoa Province) delivered 20 tons of paddy to the state (in exchange, according to its contract, for 10 tons of nitrogen). However, as of March 1987, the cooperative still had not received its nitrogen. During the 5th month-spring and 10th month seasons of 1986, the Quy Loc Cooperative delivered to the Thieu Yen District Grain Corporation an amount of paddy equal to the supplies and raw materials it was to receive under its contract. However, as of March 1987, the corporation still owed the cooperative 30 tons of coal, 30 tons of cement and 20 electricity poles. As of March 1987, the grain, supply, home trade, foreign trade and other corporations within Thieu Yen District still owed farmers 417 tons of nitrogen fertilizer in exchange for paddy received (under their two-way contracts, farmers delivered all the paddy required during the 5th month-spring and 10th month seasons of 1986).

It can be said that the prolonged indebtedness of state-operated economic organizations to farmers under two-way contracts is serious at many places. Farmers are not pleased with the unfair trade practices and the bureaucratic, authoritarian supply policy of some state agencies.

There are many reasons for the situation described above. The first is that the state does not control or exclusively manage the total supply of materials, which includes agricultural materials. The practice of each level and sector wanting to control materials in order to control production--"to control materials is to control everything"--is the source of each negative phenomenon in the management and supplying of materials to agriculture. For many years, the various planning levels, from the central to the provincial and district levels, have only served the function of dividing the supply of materials in accordance with plans. They have not been concerned about whether these materials are available, where they are located or how they are to be supplied and have not conducted thorough inspections or exercised strict control. Moreover, there have been many cases in which nitrogen fertilizer being supplied to farmers has not arrived in time for the agricultural season. The village asked the district where the fertilizer was, the district asked the province and the province asked the central level only to be told that the nitrogen fertilizer was still in transit from the Soviet Union. At present, there are more than 10 sectors on the central level that control nitrogen fertilizer and more than 20 that control petroleum products. From these sectors, these products flow to the localities through many intermediary organizations, each of which takes a little for itself, with the end result being that not many materials reach the hands of farmers.

The practice of supplying materials through many sectors, many levels and many intermediary organizations has created loopholes which make it possible for some degenerate and deviant cadres and personnel to steal, conspire with one another and siphon goods to the outside, thus harming the interests of the people and the state.

The second reason is that some agencies and localities have taken advantage of "joint businesses and economic ties" to trade in materials and profit by the price differential. When we talk about joint businesses and economic ties, we are primarily talking about establishing coordination among units in everything from production to marketing on the basis of the potentials and strengths of each unit and for the purpose of producing a complete product. The objective of joint businesses and economic ties is to produce many high quality products for society with increasingly high productivity and efficiency. Joint businesses and economic ties must not be used to buy and resell, to push up prices and profit by the price differential as some places have long been doing. By taking advantage of the low material prices of the state, some units and localities have even been able to establish "economic ties" with the Thai Nguyen Iron and Steel Complex, the Quang Ninh Coal Mining Corporation, the Bim Son Cement Plant and so forth by trading a number of goods, such as rice, meat, cloth, MSG, tobacco and so forth, for iron, steel, cement and coal to sell to other units or localities and profit by the difference in prices. Even some service and administrative agencies have also abused "joint businesses and economic ties"(in essence, they have conspired with agencies that control materials) by using the strength of cash to obtain nitrogen, cement, iron, steel and so forth from state warehouses (at low prices) and sell these items to farmers (at high prices) or trade them for agricultural products (including exported agricultural products) which they

then export through the foreign trade corporation in order to import consumer goods, which are then sold on the free market in order to profit by the price differential.

Using "joint businesses and economic ties" to trade in materials and make a profit has become widespread in recent years. This practice has absorbed a large portion of the materials, goods and cash of the state. The price differential, like a magnet, exerts a strong attraction, gradually drawing materials and goods from state warehouses. Conversely, everything you need can be found on the free market, including highly effective pesticides.

The third reason is that the need to restructure our thinking and organization in keeping with the spirit of the 6th Party Congress is not fully appreciated by all levels and sectors. The management apparatus on the various levels, although it has been partially reorganized, virtually remains an apparatus characterized largely by bureaucratic centralism and state subsidies. It is a cumbersome and ineffective apparatus that lacks discipline, lacks order, lacks a spirit of responsibility to the people for their difficulties and shortages and squanders materials and capital of the state.

The adoption of the new style of work by some cadres, particularly cadres within the combined sectors and the distribution-circulation sector, is proceeding slowly compared to the dynamic development of basic economic units. Many persons obstinately cling to rigid and outmoded principles and policies, thus posing difficulties and obstacles to production. The shortcomings and mistakes in supply operations, the unfair trade between the state and farmers, embezzlement, conspiracy and the siphoning of materials from state warehouses onto the free market all stem from the failure to conduct good organizational and cadre work.

As mentioned above, the agricultural materials supply policy is not only of economic significance, it is of important political significance as well. It expresses the assistance provided by the state to farmers, helps to strengthen the alliance of workers and farmers and helps to strengthen the confidence of the class of farmers in the party.

To implement this policy well, we feel that it is a matter of utmost importance to unify the management of materials. The state must control the existing supply of materials in order to exert an impact upon production and create many products for society.

The resolution of the 6th Party Congress pointed out: "Priority must be given to meeting the needs of agriculture for investments in the construction of material-technical bases, in materials...; these sources of investments must be effectively utilized."<sup>(1)</sup> We think that if the state closely manages the existing supply of materials and invests these materials in production at the right place and time, we will surely achieve better returns. Controlling materials and using materials to exert a direct impact upon production are the best ways for the state to control grain and food products. Each year, the state has about one-quarter million tons of nitrogen fertilizer, 400,000 tons of phosphate fertilizer, 80,000 tons of pesticides, 170,000 tons of petroleum products and so forth to invest in agriculture (mainly in rice production).

If these materials were closely managed through two way contracts between the state and farmers, we could annually acquire roughly 3.3 million tons of grain in paddy equivalent. This paddy plus the approximately 1.2 million tons of paddy paid in agricultural taxes would provide the state with about 4.5 million tons of grain with which to meet domestic consumer needs.

On the basis of the above, we maintain that it has come time to tighten our organization, strengthen our discipline and focus each of our efforts on controlling that which is ours in order to stop the large waste and loss of materials and goods that have been occurring for many years. If we do not put a stop to corruption, authoritarianism and the theft of supplies and raw materials of the state, what will farmers think about assistance from the state when they must buy 6 to 8 kilograms of nitrogen on the free market to fertilizer 1 sao of rice? And, when this occurs, the state also suffers a large loss of revenues.

It is necessary to do away with the supplying of materials by the allotment method and shift to a supply business based on the principles of fair trade, price parity and true negotiations between the state and farmers. As mentioned above, one of the reasons why some units and localities have taken advantage of "joint business and economic ties" to trade in materials is because the material prices set by the state are too low. For example, 1 ton of cement (Bim Son) is sold by the state at a price of 2,600 dong. Meanwhile, on the free market, 1 ton of cement costs 20,000 dong. The average state price for 1 ton of coal is 680 dong. On the free market, it is 3,000 dong. The state trades farmers 1 kilogram of nitrogen fertilizer for 2.15 kilograms of paddy. However, on the free market, 1 kilogram of nitrogen fertilizer costs 4 to 5 kilograms of paddy. This situation demands that the state promptly raise the prices of a number of agricultural materials to reasonable levels with the aims of gradually monetarizing the trade relations between the state and farmers, eliminating embezzlement and conspiracy and eliminating the trade in materials for the purpose of profiting from the price differential. Simply stated, with reasonable material prices, the state will not incur losses and prices will be acceptable to farmers. This is different from the trade practices of "buying things at prices that are a steal, selling things at prices that are a give-away," which have harmed the interests of the state and caused farmers to be displeased.

The raising of material prices must go hand in hand with improving the way that materials are distributed and closely tying production plans to material supply plans through two-way contracts between the state and farmers based on the principle that the materials and goods traded with farmers by the state be equal to the quantity of agricultural products delivered by farmers to the state. But an agricultural supply business does not mean trade in materials between state agencies and farmers in a spontaneous fashion that lies outside the plan. Each material of the state supplied to agriculture must be supplied through two-way trade contracts between state agencies and farmers. Thus, in addition to taxes, which are an obligation, farmers also have the responsibility of correctly implementing the contracts they sign. Conversely, the agencies which sign contract with farmers must also respect these contracts and must be severely penalized if they breach these contracts. On the basis of contracts, the state can sell materials to farmers (including

private households) at the start of the season and collect the paddy due at the end of the season (because, in addition to its contractual relationships, the state also has the responsibility of assisting farmers). State agencies and localities may not take it upon themselves to establish accounts to be paid in paddy (other than those stipulated by the state) or change the price ratio between materials and paddy established by the state in order to affect the income of farmers.

To implement business practices in supply operations, it is first of all necessary to have a unified business management apparatus. The supply management system that currently extends from the central to the basic levels is very cumbersome and consists of many unnecessary intermediary organizations. In some localities, there are as many as five or seven supply corporations of the same type (belonging to many different sectors) within the same district. These corporations interfere with one another, compete in procurements and sales, push prices upward, disrupt the market and seriously waste financial resources of the state. Such an apparatus is clearly not compatible with the new approach being taken in accordance with the views of the party and poses many obstacles to production. Therefore, it is necessary to establish a new, streamlined apparatus consisting of competent cadres who possess all the necessary personal qualities and are fully capable of providing state management, maintaining discipline and order and implementing the business approach to supply operations in order to meet the requirements involved in supporting the development of production. One requirement tantamount to a principle is that primary agricultural materials, be they produced domestically or imported, must be controlled by the state, incorporated in the plan and supplied under two-way contracts between the state and farmers (this closely ties the production plan to supply operations). Thus, the Ministry of Supply and the State Planning Commission must, at the very least, control and distribute materials in accordance with the state plan. Under the Ministry of Supply, there should be general corporations or corporations which serve a supply business function (in one or many sectors), such as an agricultural supply corporation. As part of the production plan and the supplying of materials to basic economic units, the agricultural supply corporation should sign contracts directly with state farms, cooperatives and farm households and insure that the materials supplied to them are of the correct type, quality and quantity and are supplied on time. The corporation should be financially independent and fully responsible for its profits and losses.

The shift to a business approach in agricultural supply operations demands that the supply of materials be unified under a number of ministries (to establish state management) and that supply corporations deliver materials directly to basic production units without going through intermediary levels. This is a measure which is very necessary for us to take in order to correct the problem of materials going around in circles and being lost in large quantities, thus harming the interests of the state and impeding production. It is also necessary, on the basis of the production and material supply plans of the provincial and district levels, to more closely inspect and supervise the implementation of contracts between supply corporations and basic production units and promptly propose ways to deal with contract violations.

# FOOTNOTES

1. TAP CHI CONG SAN, No 1-1987, p 38.

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CSO: 4210 /11

## INCREASING THE ROLE OF ELECTED AGENCIES

Hanoi TAP CHI CONG SAN in Vietnamese No 6, Jun 87 pp 58-61

[Article by Hoang Hao]

[Text] Under socialism, "state power belongs to the people." This is the essence of the new system, of the new style state. This fact is recorded in the Constitutions of all socialist countries. And, today, the universal form through which this political power of the people is expressed and exercised is the people's representative. The people directly elect their representatives and these representatives work within the agencies that represent state power.

In our country, the 1980 Constitution stated that the National Assembly is the highest body of power on the national level and that the people's councils on the various levels are the agencies of state power within the locality. These are the political base of our system of state agencies, are the foundation upon which the other agencies of the state are established. All other state agencies (administrative and executive agencies, the people's court and the people's organs of control) receive their power and authority from the agencies that represent the power of the people. They are inspected by and report to these agencies. The National Assembly and the people's council receive their power from the people, are responsible to the people and are under the people's control.

In the process of formulating their doctrine, Marx and Engels gave their attention to researching the forms through which the power of the working class and other laborers is expressed and exercised. Although Marx had made theoretical predictions, it was not until the Paris Commune when Marx, on the basis of practical experience, was able to see the specific form of the dictatorship of the proletariat state that would directly express the power of the people. Of importance here were the principles of building the new style administration that were drawn from the realities of the revolution. Engels underscored these principles in the preface to "The Civil War in France." According to him, two very effective measures prevented the new style state from going back to the way things were, from becoming bureaucratic and opposed to society: 1) elections based on universal suffrage and the people having the right of recall; 2) the commune only paid officials wages equal to the wages of other workers.(1)

Later, in the process of building the Soviet administration, Lenin applied and developed upon these arguments. In particular, he stressed the view that executive power and legislative power should be unified. He wrote: "The commune replaced this prostituting and corrupt parliamentary system of bourgeois society with agencies in which the freedom of speech and the freedom of debate did not become lies, because, representatives had to perform their own work, had to implement their laws, had to inspect the impact of these laws and had to hold themselves directly responsible to the electorate."(2)

In the process of leading the revolution, V.I. Lenin gave special attention to gaining the workers' interest in political life, in building the state, in participating in a practical, everyday way in managing the work of the country. He considered this to be the essence of the Soviet administration, to be the goal of revolutionaries. He wrote: "Our goal is to gain the practical participation of each and every poor person, none excluded, in management."(3) To achieve this goal, it is essential that the representatives within the organs of state power regularly be replaced.

Thus, in order for "state power belongs to the people" to become a reality, the apparatus of the proletarian dictatorship state, most importantly the system of organs of power, must be organized in accordance with the following fundamental principles: their members must be elected, their membership must periodically change and their members must be subject to recall. If it violates these principles, the apparatus of the proletarian dictatorship state will become a bureaucratic apparatus that is remote from the masses and loses all its strength. The practical experience of the socialist revolution during the past seven decades has proven this and further refined the principles of building the socialist state.

In our country, the system of elected agencies came into being immediately after the victory of the August Revolution. As we know, following the revolution, our young people's administration faced extremely difficult and complex circumstances. However, the party and President Ho Chi Minh, determined to build the administration, rapidly made it an administration that was truly an administration of, by and for the people. Through the first nationwide general election and later through the election of people's councils, the system of elected agencies was formed in order to implement the political power of the people. Today, having served their functions for more than 40 years, the National Assembly and people's councils have completed large tasks in the nation's history. However, in recent years, due to many different reasons, our state's system of elected agencies has displayed serious shortcomings, which have truly affected the management effectiveness of the entire state apparatus. In light of this situation, it is of pressing importance that we restructure the organization of the state apparatus. This restructuring must begin with the organization and activities of the elected agencies, from the National Assembly to the people's councils on the various levels.

To begin with, the situation demands that each of us adopt new thinking concerning the system of elected agencies and concerning the role of this system in the political life of the people and within the entire system of agencies of the proletarian state. The National Assembly and people's

councils are agencies that are directly elected and empowered by the people. They deeply express the character of the state--"make the people the base"--and are the place where the power of the people begins to be implemented.

The National Assembly and the people's councils are under the leadership of the party. The party leads these agencies in order to develop the strength of this power so that the elected agencies possess true power, as a result of which the role and prestige of the party are heightened. On the basis of their leadership principles and the special characteristics of the elected agencies, the organizations of the party provide leadership in appropriate areas and ways without taking the place of or intervening in the functions and tasks of the elected agencies. We should not think that each position and policy of the party is "perfect," that there is nothing concerning them that needs to be examined, that they only need to be presented to the National Assembly or a people's council to be "legitimatized," as a result of which we fail to respect the opinions of the representatives of the power of the people.

On the other hand, according to the Constitution, the National Assembly and the people's councils on the various levels are organs of power. The other state agencies receive their power from these elected agencies. However, as things stand today, the only power that the people see is the "power" of administrative and executive agencies. The discussion and adoption of reports and plans during sessions of the elected agencies are perfunctory, are merely a "matter of form." Few of the necessary conditions exist for representatives to truly exercise their democratic rights before decisions are made.

These practices have led to a reduction in the role of the elected agencies. The National Assembly and the people's councils do not possess true power and do not fully reflect or achieve the legitimate aspirations of the people. They have become agencies whose activities are symbolic. Practical experience has shown that when elected agencies operate in a "form for form's sake" manner, it is easy for representatives to become "persons who only know how to raise their hands" or become bureaucrats. These agencies become "something rigid, something arrogantly independent."<sup>(4)</sup> As a result, the state apparatus severs its flesh and blood ties to the people, loses all vitality and strength and the effectiveness of its management declines.

The realities of recent years also demand that we have a correct understanding concerning the unity of state power. In our country, the National Assembly and the people's councils on the various levels combine to form a unified, nationwide system of organs of power. Therefore, although the people's councils are organized on the various levels and elected by the local people, all these councils have the purpose of implementing the power of the people. None of the decisions of the people's councils on the various levels can be contrary to the common interests of the people. Rather, these councils must know how to correctly combine the interests of the locality with the interests of society.

To improve the present apparatus of our state, it is first of all necessary to change the old ways of thinking and working that have limited the activities of the elected agencies. Everyone must be given a correct understanding of

the inherent role and position of the elected agencies as defined in the Constitution and act accordingly so that the National Assembly and the people's councils become masters who possess all the power that is theirs and are responsible in the face of the daily needs of the people.

Secondly, the results of the activities of the elected agencies also depend upon many other matters: the quality of their sessions; the impact of the committees of the National Assembly and the committees of the people's councils; the activities of deputies and representatives... All these matters require the adoption of new thinking and ways of operating that produce higher results. We maintain that, in the years ahead, our party and state must concentrate on successfully solving the problem of increasing the effectiveness of the sessions of the elected agencies and then turn their attention to other agencies.

A session is the most important form of activity of the elected agencies. When organized well and practical in content and form, sessions are of decisive significance in increasing the effectiveness of these agencies. Most importantly, it is necessary to abandon ways of working that are ostentatious, are merely a matter of "form for form's sake." It is necessary to insure that many specific problems are resolved in a truly democratic spirit. It is also necessary to insure that sessions are open, that representatives and the people are informed of the agenda in advance so that representatives can solicit, in many different ways, the opinions of the people concerning the matters that will be examined and decided upon during the session. The agencies responsible for preparing for sessions must forward the necessary documents to representatives sufficiently early so that they can study these documents and are well prepared to participate in discussing and deciding matters. During sessions, true democracy must be practiced so that representatives can properly exercise their rights to make inquiries and supervise the activities of state agencies. In particular, much time must be set aside for representatives to carefully discuss and debate the contents of decisions before voting. Of course, in order for the sessions of elected agencies to be well organized, concerned agencies must change and improve their work methods in order to grasp the essence of the situation. Representatives must change and improve the way they conduct their activities in order to keep abreast of public opinion concerning specific issues related to their sessions.

Thirdly, in the final analysis, the role played by the elected agencies depends, to a very large degree, upon the quality of the activities of representatives during and in between sessions. At present, there is the need to take many different measures to increase the responsibility of representatives and increase the electorate's supervision of their activities. From a legal standpoint, representatives represent the electorate and are empowered by the electorate to exercise the rights of a representative. On the other hand, representatives manage the state apparatus and have the responsibility of deciding matters of state. We must correct the problem of representatives, particularly those who hold other public positions and authority, giving the majority of their attention once they have been elected to work in their specialized field while giving light attention to or not performing the duties of a representative, not participating in sessions, not

receiving members of the public, and, as a result, not knowing the mood or aspirations of the people. Therefore, it is necessary to evaluate and examine the relationship of representatives to the electorate and take determined steps to exercise the right of the electorate to recall representatives. It is also necessary to study and implement a policy defining the specific powers entrusted to representatives, powers which, of course, are social in nature. This policy must be discussed by the collective and adopted at a conference of voters held prior to the date of the election. This will also provide the basis for the electorate to inspect the activities of representatives and will strengthen the relationship between representatives and the electorate. At the same time, representatives must be given training in the situation and tasks, in state management, in current laws and in experience related to their work as representatives. If, in the face of the demands of the current situation, representatives, particularly new representatives, lack the necessary knowledge, it will be difficult for them to avoid being able to do anything other than "nod their approval." Therefore, the concerned agencies must take suitable steps to raise the standards of representatives. After each election, formal training classes of appropriate length based on a practical program must be held. These classes must go beyond general theory and provide specific knowledge and experience concerning the activity and work methods of a representative.

The issue of heightening the role of the elected agencies is not only related to its own internal factors, but also demands true concern on the part of the organizations of the party, other state agencies and social organizations with the aim of insuring that these agencies have the conditions needed to function effectively. Heightening the role of the elected agencies will be a very important factor in the revamping of our entire state apparatus.

#### FOOTNOTES

1. Marx-Engels: "Selected Works," Su That Publishing House, Hanoi, 1962, Volume 1, p 772.
2. V.I. Lenin: "Collected Works," Progress Publishers, Moscow, 1976, Volume 33, p 59.
3. V.I. Lenin: "Collected Works," Progress Publishers, Moscow, 1977, Volume 36, p 251.
4. Ibid., p 253.

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## INFORMATION IN MODERN SOCIETY

Hanoi TAP CHI CONG SAN in Vietnamese No 6, Jun 87 pp 62-65

[Article by Hoang Thinh]

[Text] Information, particularly scientific-technical information, is recognized as one of the important factors stimulating socio-economic development. It is indispensable if we seek to make rational use of natural resources and develop human resources. The role of information in education and culture is steadily increasing, thus giving everyone the ability to acquire new knowledge and constantly raise their cultural and intellectual standards.

The birth and development of the computer science sector--a combination of the modern technological sectors involved in transmitting, receiving, storing, processing and distributing information of all types--has led to profound changes in economic and administrative management and in social activities. The application of computer science has made it possible to predict that a revolution will occur in industrial and agricultural production, the aims of which will be to achieve higher labor productivity and product quality while managing resources in a more rational manner, reducing waste and improving the methods of economic management and planning.

Information, therefore, has become an important economic force in our times. In the highly developed industrial countries, information has become a primary activity. More than one-half the population of work age participates, either directly or indirectly, in the production, processing and distribution of information.

Today, people talk about an information society. The entire world is considered an information village. The whole of the fast-moving information situation is called the information explosion. Information is no longer a non-essential "need" of man, but an essential economic and cultural need, a need in the organizing of society and a factor that will exert an increasingly large impact in society in the future.

It can be said that people need information as much as they need food. Whereas food helps man to exist as a living entity, information helps man to exist as a member of modern society.

In history, three discoveries have brought about three major turning points for mankind: the discovery of fire, the invention of the steam engine and the invention of the electronic computer. Whereas the discovery of fire truly brought man from living as an animal, the steam engine helped man to reduce the amount of strenuous manual labor that must be performed and the electronic computer has truly helped man to make leaps forward in many fields of mental activity.

The trend toward the modernization of information, the "computerization of society," is an inevitable trend and a requirement in the development of modern society because, when society develops, the volume of information available becomes very large and man's need for information becomes extremely large. Today, people can "read the paper" without holding a newspaper in their hands. With a household terminal, people can keep fully abreast of information of all kinds. When a person comes home from work, all he needs to do is push a button and all the information transmitted during the day appears on the screen. If this information needs to be filed, another button is pushed and the information is immediately printed.

In a number of countries, new advances in science and technology have brought about the establishment of organizations that do not have main offices. The person in charge and personnel remain at home. They communicate, issue orders and perform their duties through a system of screens and telephones. Thus, communication is less complex and there is no need to build a main office.

When a person wants to send a letter to someone, all he needs to do is give the electronic mail company the name and address of the person to whom the letter is being sent and the contents of the letter. The company converts the letter into digits. At the place where the letter is received, these digits are converted back into letters so that the letter can be read. Electronic mail with various types of codes to insure the privacy of letters will become popular. In the United States today, there are about 1.5 million subscribers to electronic mail service.

In many developed industrial countries, bank depositors are issued a card. When an amount not exceeding 200 dollars is to be withdrawn, the depositor, instead of going to a counter in the bank, merely inserts his card in a machine located in a public place and punches in a code, which only he knows, and the money being withdrawn is automatically dispersed.

In the age of the electronic society, electronic prisons are also envisioned. Persons who commit minor crimes and need not be physically put in prison will have an electronic device put around their wrist and be sent home. This device will tell the control center when the "prisoner" leaves the detention zone established by the center.

The new generation of computers will perform mental labor of high quality. The fifth generation of computers is about to be born. These computers will process various kinds of knowledge and take the place of an important portion of man's ability to think. They will be a system of specialized computers.

The scientific-technological revolution is having an impact upon the revolution in information, which encompasses both the processing of information and the transmission of information.

The manufacture of optical fibers is considered the greatest leap forward in telecommunications since the invention of the telephone. Manufactured from a readily available material, sand, these fibers are light in weight and so small that 10 optical fibers--which have the capacity to carry 100,000 telephone calls at the same time--can fit through the eye of a needle. The major advantage of optical cable is the absence of interference, that is, the very high fidelity of transmission signals. By the year 2000, 50 percent of the total number of signal cables will be optical cable.

One of the factors related to information is memory size. This is important in storing information. Through modern science and technology, memory size is doubling each year. Compared to 1979, the speed of present day computers is 10,000 times faster. During the past 5 years, new computers with enhanced functions and lower production costs have been appearing on the average of once every 6 months.

Another invention is the laser. In the future, lasers will be used in 30 to 50 percent of the storage of information. Because, the laser disk can store a very large amount of information in small and very small laser equipment. One laser disk can hold from 25,000 to 30,000 documents.

Thus, by the end of the 20th century, the world will be using a totally different information system: laser microelectronics + optical fibers.

The world is rapidly changing. The world economy is undergoing very large and profound changes. The scientific-technological revolution is the entire technology of production and is bringing about a new leap forward in labor productivity. At the same time, the world economy is becoming more highly and widely internationalized and now encompasses both opposing socio-economic systems.

Therefore, in our work in the field of information, we must make our people understand that to advance to socialism from small-scale production without experiencing the stage of capitalist development, we must closely combine the strength of the nation with the strength of our times. The present scientific-technological revolution and the high degree of internationalization of the world economy are providing our country with the most rapid way to carry out industrialization. On the other hand, they also face our country as well as the other underdeveloped countries with a very large danger: if we do not develop rapidly, the gap between the underdeveloped countries and the developed countries will steadily widen. At the same time, technological improvements in the fields of communications and information are occurring at a rapid rate. This demands that we keep abreast of scientific-technical knowledge in the field of information and constantly improve and modernize our means of information.

The fast-moving and global information revolution has brought to an end the period of solitary research by an individual and demands international

scientific and technical cooperation. This is an essential and objective need.

New discoveries have given man a new view of the world and extended his vision to the distant planets. Science and technology has opened large prospects for man to solve many problems in social life. But the distribution of scientific-technological advances is seriously unbalanced. The developed industrial countries account for 88 percent of the total number of scientists and technicians, 90 percent of scientific research activities and 93 percent of the total number of patents in the world. Very many difficulties are being encountered in the transfer of science and technology to the underdeveloped countries. Because they control practically all research facilities, especially in the advanced fields, the developed countries hold the key to progress in the future.

The struggle to establish a new international order in the field of information is not a simple or easy task. Because, the Western multi-national news agencies still control the means of modern communications, control new technology and possess huge financial resources.

In Vietnam, we have 196 newspapers and journals. Although this number is not large, a network of daily, weekly and monthly press publications has been established. In addition, there are more than 200 scientific-technical news letters. The radio broadcasting system, in addition to Voice of Vietnam Radio, also includes 40 provincial and municipal radio stations, nearly 500 district wired radio stations and more than 4,000 wired radio stations at basic units. The television network consists of the Giang Vo Central Television Station and seven local stations.

However, compared to the needs of a country that has a population of 60 million and compared to modern information requirements, the number of mass media facilities we have is still small. Today, information has become a factor in evaluating the development of society (the number of newspapers, news letters, telephones, radios and television sets per capita).

As regards telephones, our entire country has 120,000 phones, not including those used in national defense, for a population of 60 million, or only 0.2 telephone for every 100 persons. Compared to Southeast Asian countries that have several telephones for every 100 persons, the United States, which has two telephones per person and Eastern European countries, which have a few dozen telephones for every 100 persons, Vietnam ranks among the lowest countries in the world from the standpoint of the number of telephones per capita, even below a number of African countries.

Voice of Vietnam Radio broadcasts daily on four waves (two intermediate waves with an output of 500 kw). Meanwhile, there are 18 stations in the world that broadcast in Vietnamese. Radio China has an output of 1,000 kw from Kunming and 2,000 kw, intermediate waves, from Kwangsi. Thai and U.S. radio has an output of 1,000 kw.

In terms of the level of technological development of the television sector, we are several decades behind the developed countries.

Through the application of the latest scientific and technological advances, it is possible to directly transmit information of all kinds from satellite to earth for everyone. With nothing more than a relatively simple parabolic antenna only 60 to 90 centimeters in diameter, television programs from many countries in the world can be received without needing to use a transmission station, such as the present Hoa Sen Station. And, as science and technology develop, the cost of manufacturing modern information equipment will steadily decline and this equipment will become increasingly affordable to the average citizen. Thus, radio and television will be a burning front in the ideological struggle in the coming stage. If we do not meet their needs, the public will search for other sources of information. If we abandon this battle position, it will be immediately occupied by reactionary powers.

Our society today is an open society. Whether we want to or not, we must approach the outside world, which is becoming increasingly "small." And, as some persons say, through the revolution in information, our planet is becoming "a global village."

In the field of information, there must be parity before there can be equality. Therefore, in view of the fact that the world is rapidly entering the new stage of the scientific-technological revolution and in light of our country's actual situation, it is increasingly clear that we must bring ourselves to the level of and integrate ourselves with the system of international information. Otherwise, we will soon find it impossible to utilize the international information system, because, plans call for 90 percent of information activities to be automated within the socialist system by 1990.

This is not to mention the need to supply information of ours to the international community. Thus, we also need a minimal amount of modern machinery and equipment to transmit news of ours to foreign countries.

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## SOME THOUGHTS ON SOLVING THE URBAN HOUSING PROBLEM

Hanoi TAP CHI CONG SAN in Vietnamese No 6, Jun 87 pp 66-69, 80

[Article by Pham Tri Minh and Pham Van Nhiep]

[Text] The Political Report of the Party Central Committee at the 6th Congress emphasized: "Housing is one of the basic issues in the social policy of our state."(1)

During the 5 years from 1981 to 1985, despite encountering many difficulties and although the economy was unbalanced in many areas, through the concern of the party and government and with the common efforts of the building sector and the administrations on the various levels, we built about 4 million square meters of housing in the cities, of which 1 million square meters were constructed using capital acquired by agencies and enterprises on their own and 3 million square meters were constructed using capital of the people.

The new feature in housing construction during the past 5 years compared to the 5 years from 1976 to 1980 was that the investment by the state in housing construction were better focused. Whereas investment capital was relatively evenly distributed during the 5 years from 1976 to 1980, investments were focused mainly in Hanoi and the industrial centers during the 5 years from 1981 to 1985. Meanwhile, in the provinces and municipalities, the amount of housing constructed under the guideline "the state and the people working together" steadily increased and was many times greater than the amount of housing constructed using state budget capital. For example, in the municipality of Nam Dinh in the 2 years 1981 and 1982, the state only constructed 3,000 square meters of housing but the people constructed 30,000 square meters. In Thai Binh City, the state constructed 2,500 square meters and the people constructed 45,000 square meters, etc.

However, the urban housing situation remains very difficult. Housing is becoming a very acute social problem.

--The average housing standard is very low (particularly in the North). Most deserving of attention are the capital Hanoi and the important industrial complexes, such as those that produce coal, electricity, machinery, cement, etc. It has been calculated that the minimum amount of space needed to provide normal living conditions is 6 square meters per person. In the

capital Hanoi, even though it has been a focus of investments in construction, there is only 3 square meters of housing per person. In Haiphong, the average is 2.7 square meters per person. In the Quang Ninh coal mining region, it is 2.5-3 square meters per person. Hundreds of thousands of households still live in less than 2 square meters of space per person or in temporary shelters with bamboo walls and tar paper roofs. The problem of many families living together in one small home or three generations living together in one apartment is still widespread and has led to many negative phenomena.

--The rate of housing construction based on state budget capital has not kept pace with the rate of population growth. During the past 5 years, housing construction has only risen at the average annual rate of 1.5 percent, which is clearly much lower than the rate of urban population growth (which, if both natural growth and mechanical growth are included, is nearly 3 percent). In the capital Hanoi, the state only constructed 740,000 square meters of housing between 1961 and 1965 but the population grew by 550,000. Thus, only 2 square meters of housing were constructed for each additional person.

--While new housing construction has failed to keep pace with needs, very many houses have fallen into disrepair and attention has not been given to managing, repairing or renovating housing, as a result of which housing has been deteriorating at a very rapid rate. Since 1960, new housing has only accounted for about 25 percent of existing housing. This means that the majority of urban dwellers has continued to live in old houses. These houses have not been promptly repaired. As a result, 50 percent of housing is dilapidated and this percentage is continuing to rise. According to our calculations, only about 4 percent of the housing in need of repair is repaired each year. At this rate, only one-half of the housing currently in need of repair will be repaired by the year 2000. Meanwhile, more housing will fall into disrepair and, by then, about one-third of the total supply of housing will be in a state of complete disrepair.

--At a time when old housing is not being promptly repaired, the quality of newly constructed housing is far below established standards. Such problems as leaky roofs, water seeping into the substructure, clogged privies and so forth from the very time that housing is consigned for use, are quite widespread. At many housing complexes, there is a dire shortage of conveniences and necessary projects, such as electricity, water, sewers, roads, child care centers, schools and stores. As a result, the living conditions of cadres, manual workers and civil servants have been made even more difficult and this, in practical terms, has greatly affected their labor productivity.

--The management of urban planning, from new construction to the renovation and repair of housing, has been lax in many respects. Many negative phenomena have arisen but are being dealt with slowly, such as the construction of houses on illegally occupied land and splicing into electricity lines and water pipes in a very haphazard fashion, which cause a complete lack of aesthetic appeal and undermine urban planning. Such phenomena as unfair housing allotments, taking commissions, accepting bribes and transferring, buying and selling housing illegally, are quite prevalent. In the cities of the South, there are still many housing related problems in socialist

transformation and many new problems have arisen but are being dealt with slowly. Many people still live in much more space than allowed under the state standard. The sub-letting of state housing at very high profits has created very unreasonable disparities between one cadre and another, between the North and the South.

There are many reasons for this situation. In addition to such objective reasons as the consequences of the 30 years of war and the lack of balance in many areas of the economy, mention must be made of the following subjective reasons:

--Solving the housing problem is viewed purely as a social welfare issue and is not considered a direct factor in appropriately raising labor productivity. In the process of allocating investment capital, we continue to place housing within the non-production sector. Therefore, even though the investment rate was higher during the 5 years from 1981 to 1985 than during the 5 years from 1976 to 1980, only 4 percent of total investment capital was invested in capital construction. Over a period of many plans, we have continued to allow many factories and enterprises to go into production while workers must continue to live in temporary housing. In the fraternal socialist countries, housing is not only a need in the improvement of living conditions, but also a need in the development of production. Consequently, the rate of investment in housing is quite high, an average of 8 to 10 percent, as much as 12 percent in some countries, of the total capital invested in capital construction.

--We have attached importance to new construction but given light attention to making investments in intensive development. As a result, the repair and renovation of the existing supply of housing have not been incorporated in the capital, supply and labor plans of the state. Therefore, housing has fallen into disrepair and deteriorated at a very rapid rate. At the same time, we have not, from the standpoint of renovation, taken advantage of the possibilities for adding additional stories to or expanding housing in old urban quarters.

The realities of the past 5 years prove that in order to effectively resolve the urban housing problem, importance must be attached to new construction. At the same time, new construction must be closely combined and well coordinated with the management, repair, renovation and distribution of existing housing and with adjusting the amount of living space per person in a way that is fair and reasonable.

--The urban housing and projects management mechanism is largely characterized by state subsidies. The best example of this is the very low and very unreasonable housing rental rates (at present, the average rate is 0.36 dong per square meter per month, which means that it costs less to rent a 100 square meter villa than it does to buy one pack of cigarettes!), which have turned the entire operation of the housing management system upside-down. Rental rates which are not sufficient to cover the cost of repairs, not even minor repairs, are the reason why housing is rapidly deteriorating, why there are many negative phenomena and why the allotment of housing is unfair.

Persons to whom housing is allotted pay virtually nothing for it. Persons to whom housing is not allotted or who must obtain housing on their own incur losses of all kinds.

--The potentials of the people have not been tapped in the construction and repair of urban housing. The realities of the 5 years from 1981 to 1985 prove that this capability of the people is very large. They constructed 2 million of the 4 million square meters of urban housing built during that period and are managing 59 percent of the supply of urban housing nationwide. However, it has long been a shortcoming of ours to not only fail to encourage, but also to impede participation by the different segments of the economy and society in the construction, renovation and repair of housing in order to improve their living conditions. In practically everything from the formulation of plans, planning, the allocation of land, designs and construction to the supplying of materials, we have only given attention to one segment of the economy, the state-operated segment. This practice stems from a less than full understanding of the characteristics of an economy that consists of many different segments in the initial stage of the period of transition in our country. These mistakes have turned the legitimate needs of the people for the construction and repair of housing into spontaneous and unorganized actions. They have led to many negative phenomena that have adversely affected urban development. They have made the management of state supplies and building materials on the market more difficult and complex.

As pointed out in the report of the Party Central Committee at the 6th Congress concerning the main guidelines and targets in socio-economic development during the 5 years from 1986 to 1990, it is necessary to adopt a comprehensive housing problem in order to gradually reduce the difficulties being experienced with urban housing. In our opinion, a number of specific policies and measures which take the following several directions must be adopted in the immediate future:

1. It is necessary to raise the percentage of capital invested in the construction and in the repair and renovation of urban housing on the basis of the view that capital invested in housing is not simply non-production capital, just as it is our view that paying wages to cadres, manual workers and civil servants is not only a factor of consumption, but also a factor of production. Therefore, the percentage of capital invested in housing under the 1986-1990 plan must be raised from 4 percent (the 1981-1985 plan) to approximately 6-8 percent in order to achieve two objectives: maintaining the minimum rate of housing construction achieved under the 1981-1985 plan and beginning the task of repairing and renovating housing in accordance with the planning and plans of the state. To satisfactorily combine investments in intensive development with investments in extensive development, it is suggested that 60 to 70 percent of capital be allocated for new construction and 30 to 40 percent be allocated for repair work and renovation.

In the investments made in new construction under the 1986-1990 state plan, we must still consider the capital Hanoi and the industrial complexes to be areas of key importance that must be given priority. At the same time, full importance must be attached to saving agricultural land and limiting the use of agricultural land for the construction of new housing projects. It is also

necessary to accelerate renovation in the inner cities by adding stories to existing houses, building additional houses where space is still available, finishing projects that have been constructed and replacing temporary housing, grade 4 housing and dilapidated housing with new, high rise housing.

2. We must vigorously implement the guideline "the state and the people working together"; widely develop urban housing repair and renovation services by means of many diverse and flexible policies but with the close guidance and inspection of such state agencies as those which allocate land, supply blueprints and guide planning; and organize construction and contract work in the most convenient ways possible. "Each year, a certain portion of the state's supply of materials must be set aside for the people to use in the construction of housing."(2) It is also possible for the state to build houses and then sell them to the people or for the people to contribute capital for the construction of housing through construction budgets. In small municipalities and cities, the state should provide land and sell building materials to cadres, manual workers and civil servants for them to build houses instead of the state building housing and then distributing it. In the case of private houses, we should encourage and permit major repairs and renovation, including the expansion of houses and the construction of additional stories. If repair funds are not available, some grade 4 houses located along alleyways that are rented by the state can also be sold to private parties so that they can repair these houses on their own.

3. It is necessary to completely reorganize urban housing construction and management in all three areas: legal, economic and technical. Construction and management must be governed by urban development laws, plans and planning of the state. In the immediate future, while urgently studying housing law, the management of housing must be reorganized along the following lines:

--Management by laws: it is necessary to examine and appropriately revise existing policies in order to achieve social fairness and mobilize the various segments of the economy to participate in the construction and management of housing. Specifically, we must re-examine and revise such policies as the policy on the distribution of housing, the policy on ownership rights, the statutes on the rental of state and private housing... We must solve the problems that still exist in socialist transformation as it relates to urban housing and issue detailed regulations governing the implementation of the guideline "the state and the people working together"...

--Economic management: it is necessary to promulgate policies aimed at shifting urban housing management from administrative management and state subsidies to economic accounting and socialist business practices with the objective being for revenues to offset expenditures and provide for the formation of some capital with which to develop the sector. In particular, housing rental rates must be adjusted at an early date. Two factors must be fully included in these rates: management expenses and repair costs. At the same time, progressively higher rates must be charged for space being occupied that is over and above standards. To do this correctly, rental rates must be based on the wages of cadres, manual workers and civil servants. Only with such rental rates is it possible to achieve fairness between persons who live in spacious housing and persons who live in crowded housing and between

persons who are allotted housing and persons who must construct their own housing. Only in this way is it possible to implement a state housing adjustment policy, especially in a number of municipalities in the South. Only in this way is it possible to encourage cadres, manual workers and civil servants to obtain housing on their own, etc. As regards housing used for production and business purposes, the following four factors must be fully included in rental rates: management expenses, repair costs, depreciation and a profit.

--Technical management: the construction, repair and renovation of urban housing must be put under technical standards and codes with the aims of improving the quality of projects, making timely repairs and preventing housing from quickly deteriorating. We must gradually apply scientific and technical advances and implement uniform management by sector in the management of urban housing.

The above are some thoughts of ours offered with the aim of helping to resolve the housing problem for urban dwellers, in particular, and the people, in general. This is an important issue of social policy, an important issue in the human strategy set forth in the resolution of the 6th Party Congress.

#### FOOTNOTES

1. TAP CHI CONG SAN, No 1-1987, p 61.
2. "The Main Guidelines and Objectives Regarding Socio-Economic Development During the 5 Years from 1986 to 1990," TAP CHI CONG SAN, No 1-1987, p 108.

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## FOR SOCIALISM, FOR WORLD PEACE

Hanoi TAP CHI CONG SAN in Vietnamese No 6, Jun 87 pp 70-74

[Book Review by Pham Thanh]

[Text] During these exciting days of preparations for the celebration of the 70th anniversary of the great October Socialist Revolution, our cadres and people are very pleased to be able to read a valuable book by M.S. Gorbachev, general secretary of the CPSU Central Committee entitled "Selected Speeches and Articles" published jointly by Progress Publishers (Moscow) and Su That Publishing House (Hanoi). The book consists of a number of speeches and articles delivered and written between March 1982, when he led the CPSU delegation attending the 5th Congress of the CPV, and August 1986.

The period during which the majority of these speeches and articles appeared was a period tantamount to a turning point in the life of the party and people of the Soviet Union. It was a period spent conducting a scientific review of lessons learned from the past, a period of searching for and developing new approaches and measures aimed at leading Soviet society to new pinnacles along the path of socialist and communist construction. It was also a period of pilot projects and the start of the implementation of the revolutionary reforms that were introduced by the April 1985 plenum of the Party Central Committee and were subsequently confirmed and developed upon by the 27th Congress of the CPSU.

In the author's thinking concerning key matters of theory, concerning economic strategy and social policy, concerning socialist democracy and party building, concerning ideological work and organizational and cadre work and concerning the international line and international activities, we see the Marxist-Leninist methodology of revolutionary thinking and revolutionary action, see a model of how to dialectically combine continuity and change, science and revolution, militancy and humanism, a practical spirit and revolutionary optimism...

Employing the methodology of dialectical materialism and displaying an attitude of courageously and squarely facing the truth, Gorbachev, at the April 1985 Plenum of the Central Committee, at the June 1985 Plenum on accelerating the application of science and technology, at the 27th Congress of the Party and in many other speeches, scientifically analyzed the

achievements of the Soviet people, achievements deserving of pride, as well as the problems that remain unsolved and the shortcomings in the socio-economic development of the Soviet Union. On this basis, he presented a scientific, comprehensive and thorough argument for the line on accelerating the socio-economic development of the Soviet Union. He stated: "Accelerating the socio-economic development of the country is the key to solving all our problems: in the immediate future and over the long-range, economic and social problems, political and ideological problems, domestic and foreign problems. It is only in this way that we can, and must, achieve an essentially new level of Soviet society"(p 369)(\*).

The strategy of accelerated development, according to Gorbachev, encompasses all aspects of social life: the economy, science, technology, society, spiritual life, the political system, the system of socialist democracy... This strategy will be successfully implemented "if all our activities are concentrated on developing the economy in depth, accelerating the application of scientific-technical advances, reorganizing management and planning, revising the structural and investment policies, heightening the sense of organization and discipline everywhere and making fundamental improvements to our style of operation"(p 26).

To successfully implement this strategy, it is necessary to adopt a new approach, to make reforms in many fields. Gorbachev said: "We will be unable to take one step forward if we do not learn how to work in a new way and do not abandon outmoded, conservative habits and everything that reflects these habits, if we are not courageous enough to alertly assess the situation and see things as they actually are"(p 449).

In many speeches in this book, especially in the speech delivered at the June 1985 Plenum on accelerating the application of scientific-technological advances, the author fully analyzes the role as well as the direction of scientific-technical advances, stating that accelerating the application of scientific-technological advances is the primary strategic force in developing the national economy in depth and making the best possible use of the potentials that have been built. Criticizing the slow pace of scientific and economic development in many sectors, the author calls for "revolutionary changes, a shift to industrial systems that are new in principle, to the latest generations of technology which yield the highest possible returns. In essence, it is a matter of retooling all sectors of the national economy on the basis of the modern achievements of science and technology"(p 28).

Raising economic management to the level of new requirements--this is an extremely important factor in the "acceleration." The author states that "the new economic tasks cannot be performed without thoroughly reorganizing the business mechanism, without creating an improved, effective and flexible management system which permits us to make full use of the capabilities of socialism"(pp 384-385). Improvements to economic management must be made regularly, be made gradually. This time, however, it is necessary to "carry out a fundamental reform" in accordance with the following basic principles: further building upon the principle of centralism in the performance of strategic tasks; broadening the authority and independence of enterprises and instituting true economic accounting and the recovery of capital and the

funding of operations by enterprises themselves; shifting to economic methods in the leadership provided on all levels of the national economy; making the management system one that has a modern organizational structure and takes into consideration the trends toward agglomeration, specialization and cooperation; combining, to the optimum degree possible, economic management by sector and by territory and democratizing all aspects of management. The author stresses that "the highest standard for evaluating the improvement of management as well as the entire system of socialist production relations is whether or not socio-economic development is accelerated and socialism is strengthened in practical terms"(p 393).

While presenting the economic management issue, Gorbachev touches upon many related matters, such as finance-credit, prices, the supplying of materials-technology, compatibility between production relations and the nature and level of development of production forces, the application of the relationships between goods and money... He especially emphasizes the need to make correct use of the law of value, which was usually given light attention or misunderstood in past years. He says that prices must become a positive tool in economic and social policy, that prices must be more flexible. "Price levels must be combined not only with costs, but also with the consumer properties of goods, the effectiveness of products and the degree of balance between the products produced and the needs of society and the people"(p 388).

Another major theme touched upon in many speeches and articles in this book is that of social policy and the human factor. Raising the level of material and spiritual welfare; improving the living and working conditions of man; perfecting social relations, most importantly economic relations; achieving social fairness; strengthening the alliance of workers, collective farmers and intellectuals; achieving fraternal cooperation among all races and nationalities; and enriching the spiritual world of the Soviet people--all these things are both the objectives of and the means for accelerating socio-economic development. The author states: "The strict observance of the principle of social fairness is an important condition guaranteeing the unity of the people, the political stability of society, the dynamism of development"(p 4). On the basis of this view, the CPSU is taking specific, effective measures aimed at abolishing egalitarianism in distribution, cracking down on income not earned through labor, insuring that the standard of living of each person and each collective is directly dependent upon the results of their labor and resolutely combating negative phenomena that are alien to the socialist way of life.

The issue of building the party is addressed by Gorbachev in many of his speeches and articles, especially in his reports at the plenums of the Central Committee and the 27th Congress of the CPSU. The new stage of the revolution faces the party with very high political, ideological and organizational requirements and demands that it "be in tune with the times, with the pace of life and always function among the broad masses"(p 445), that it "live in an atmosphere of always examining and improving its forms and methods of activity"(p 447).

As regards the style of activity of communist party members under current conditions, Gorbachev defines the requirements as: being specific and

practical; displaying initiative and the spirit of responsibility; placing high demands upon oneself and upon others; consistency between words and actions; choosing the most effective methods and means; and planning things thoroughly, taking everyone's opinions into consideration. He writes: "Saying less, making fewer commitments and promises, doing much more practical work, achieving many more practical results, displaying a high spirit of responsibility and adherence to principles, cooperating more closely in work, giving more attention to everyone else and being more modest--these are the primary standards for evaluating all cadres, evaluating their ideological make-up and understanding, these are the essence of the party's requirements concerning our style and methods of work"(pp 73-74).

In many of his speeches and articles, Gorbachev very thoroughly explains the importance of developing the system of socialist democracy and strengthening the system of socialist self-management by the people, considering these to be a strong force behind the development of society. He says: "Without further developing the system of socialist democracy in all of its aspects and manifestations, it is impossible to accelerate the development of society"(pp 414-415). While stressing that the party is the dominant force in, is the primary guarantee of the development of the socialist system of self-management, he also analyzes the need to gain the true participation of the people in the management of society. Because, "only by relying upon the vibrant creativity of the people, upon the intelligence, talents and labor of the people is it possible to perform the complex and large tasks of the current stage"(p 36). The speeches and articles of M.S. Gorbachev printed in this book also touch upon another aspect of the activities of the Soviet communist party and state--the foreign policy line.

In many speeches and interviews, especially in the Political Report at the 27th Congress of the Party, Gorbachev scientifically analyzes the state of the world today; points out the basic contradictions of our times; assesses the strong development of revolutionary forces, the socialist community, the worker movement in capitalist countries, the national liberation movement and the movement for peace and democracy in the world; and deeply analyzes the new manifestations of the general crisis of capitalism and the bellicose, reactionary policy of the imperialist powers.

On the basis of deeply analyzing these complex international relations, he states that we must adopt new thinking concerning the issue of war and peace. He says: "It is now impossible to win victory in the arms race or in a nuclear war"(p 429). On this basis, he asserts that "the struggle against the nuclear threat, against the arms race, the struggle to maintain and strengthen peace throughout the world will continue to be the focus of the party's activities in the international arena"(p 427).

For more than 1 year, in keeping with this foreign policy line, Gorbachev, on behalf of the Soviet communist party and state, has been presenting a host of peace initiatives and waging a determined struggle to make these initiatives reality. The peace initiatives of the Soviet Union are systematically reflected in this book, especially in his speeches on the occasions of his visit to France in October 1985 and the press conference in Geneva following his meeting with the President of the United States in November 1985, his 15

January 1986 statement on the total elimination of nuclear weapons before the year 2000, his statement on a comprehensive international security system at the 27th Congress of the Party, etc.

These peace initiatives clearly reflect the very high spirit of responsibility of the Soviet Union to the destiny of mankind and are eloquent proof of the humanism of socialism, of the noble good will of the Soviet Union.

While emphasizing the Soviet Union's expressions of good will for the sake of peace, Gorbachev, on many different occasions--especially in interviews with the press--analyzes and criticizes the obstinate and nonconstructive arguments and attitudes of bellicose imperialist circles, most importantly the United States. At the 27th Congress of the CPSU, Gorbachev formally declared: "The Soviet Union does not seek to enjoy better security than others, but it also will not agree to having less security than others"(p 432). In the face of the challenge posed by the "Star Wars" program of the United States, he confirms: "Even here, they hope to threaten us or push us into making unnecessary expenditures. If necessary, we will quickly find ways to respond. Moreover, it will not be the response anticipated in the United States. It will, however, be a response that will make the 'Star Wars' program worthless"(p 586).

In this book, in addition to the peace initiatives mentioned above, Gorbachev also clearly presents the policies of the Soviet Union toward the other countries and nations of the world. They are: building stronger relations of friendship and cooperation with the fraternal socialist countries; uniting with the international communist and worker movement; supporting the right of all nations to decide the path they will take without intervention from the outside; developing relations of equality, mutual benefit and peaceful coexistence with the capitalist countries...

It will certainly please and move Vietnamese readers to find printed on the first pages of this book the four speeches delivered by Gorbachev in Vietnam while attending the 5th Congress of our party. In these speeches, he highly evaluates the contributions made by the communist party and people of Vietnam and reaffirms the solidarity and strong support of the communist party and people of the Soviet Union for Vietnam's cause of defending and building socialism. He states: "The policy of building stronger friendship and cooperation between the Soviet Union and Vietnam is a policy tantamount to a principle of our party and country"(p 142).

This book also presents many other important issues regarding domestic and foreign affairs. However, within the framework of an article, we are only able to present a number of the major points gleaned by us from our initial study of this important book.

The book not only reflects a method of analysis that is profound and comprehensive, is imbued with party consciousness and adherence to principle, is militant and critical, but also reflects the spirit of optimism and boundless confidence in the victory of socialism and communism, in the bright future of all mankind.

The basic elements of the revolutionary line of the CPSU and the valuable revolutionary experiences of the Soviet Union presented by Gorbachev in this book are very useful to us. They not only help us to gain a clearer understanding of the communist party and people of the Soviet Union, of the pressing issues of the revolution in the Soviet Union, but also provide us with new perceptions for us to consider concerning the issues of our country's revolution, thus enabling us to display our creativity in the process of implementing the resolution of the 6th Party Congress.

#### FOOTNOTES

- \* The passages within quotation marks without footnotes (only page numbers) are excerpts from the book "Selected Speeches and Articles" by M.S. Gorbachev, published jointly by Su That Publishing House, Hanoi and Progress Publishers, Moscow, 1986.

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## THE PRICING METHODOLOGY IN THE SOCIALIST COUNTRIES

Hanoi TAP CHI CONG SAN in Vietnamese No 6, Jun 87 pp 75-80

[Article by Dang Thi Hieu La]

[Text] One of the primary reasons for the success or failure of every economic reform is whether or not the price problem is resolved well. Improving the methodology of pricing so that prices truly exert a positive impact upon economic processes and create the conditions for the national economy to develop is a pressing need of every country.

### I. The Pricing Mechanism

Practically all socialist countries have been and are dismantling the pricing mechanism characterized by bureaucratic centralism and shifting to a mechanism based on democratic centralism, one which makes prices more flexible. At the 27th Congress of the CPSU, General Secretary M.S. Gorbachev said: "Prices must become a positive tool of economic and social policy... Prices must be more flexible. Price levels must be combined not only with costs, but also with the consumer properties of goods, the effectiveness of products and the extent to which they meet the needs of society and the requirements of the people..."

The pricing monopoly concept of putting basic production units in the position of having to accept prices, that is, the administrative approach of central planning agencies imposing prices, is being rejected. Respecting and upholding the independence of basic economic units, decentralizing the authority to decide prices and shifting price making decisions to the forces that move the market(1) are the essential trends of our times.

In some socialist countries, such as Hungary, Bulgaria and Poland, current thinking is that costs and prices are not formed on the basis of the production plan, but that the production plan is determined by the degree of balance between needs that can be met and the "supply" capabilities of production. Central planning agencies do not have the ability to establish reasonable prices because they face difficulties that cannot be surmounted: they are cut off from economic information and employ static price models in economic processes which only reflect a portion of economic activities, activities which are very broad and diverse.

The steady rise of prices is unavoidable. But this rise in prices is not completely contradictory to the economic interests of the national economy. Value, prices and "supply-demand" are tied together. They move in unison and have an impact upon one another. Consequently, when "supply-demand" changes, prices must be changed accordingly. Prices are the main factor in balancing the market, in regulating "supply" and "demand" so that "supply" and "demand" are in balance quantitatively as well as structurally. Prices also play an especially important role in the distribution of income among the various social groups, in changing the structure of the national economy...

Generally speaking, since the late 1960's, particularly since 1980, thinking that is truly new has emerged concerning prices as well as economic theory. Economic science has gone beyond presenting, analyzing, explaining and proving classic theory to develop upon the theory of Marxism-Leninism. It now acknowledges the role and impact of the private economy and not only acknowledges, but also encourages the development of the production and the utilization of the different segments of the economy in the period of transition. Whereas little attention was once given to market relations and the regulatory role of the law of value and the law of supply and demand under socialism was denied, they are now acknowledged and considered important. Whereas managing the economy by means of highly centralized planning was once considered the most superior aspect of socialism, all enterprises are now being given greater independence in production and business... The adoption of this new economic thinking reflects intellectual progress by mankind. At the same time, it is also a natural outgrowth of the dynamic realities of specific economic activities. These realities have proven that the practice of the state researching, examining and approving the price of each product has restricted the development, in both breadth and depth, of commodity production. The mechanism under which the state has the exclusive right to set prices, the state "collects all revenues, makes all expenditures," the state takes all profits and absorbs all losses...has caused workers to feel that the means of production they use do not belong to them. Consequently, they have no interest in economizing on, protecting or developing these means of production. They give no attention to how many raw materials or supplies are needed per unit of product. They produce only because the plan must be completed, not at all because of market needs...

The movement and development of thinking have brought the economists of practically all socialist countries to the point where they must acknowledge: centralized pricing does not permit the introduction of a rational price mechanism, that is, a mechanism formed on the basis of scientific analysis of the cause and effect relationship between production costs and profits on the macro-economic scale. The only possible substitute is to restrict the scope of intervention by central agencies in the formation of prices and to broaden the authority to decide prices. In many socialist countries today, the state only sets the specific price of the most important materials and a number of grain and food products directly related to the daily lives of the people. For other materials which are important, but not of utmost importance, the state only sets a price scale or maximum price. The specific price is determined by enterprises themselves. The range of the price scale is quite broad. The prices of the majority of consumer goods and services are set entirely by enterprises and federations of enterprises. However, this

exclusive pricing authority is based upon two fundamental prerequisites: first, enterprises must recover their capital on their own and be financially independent; secondly, the profit contained within the price of a product cannot exceed the maximum profit margin set by the state for the various sectors and product groups. This, in our opinion, is extremely important. It controls the rate at which prices formed on the market are undermined. To guide enterprises, the state sets pricing principles and formulas and economic incentive parameters. Transferring pricing authority to the forces of the market in the way described above is completely different from raising prices in an arbitrary fashion and trying to keep pace with price changes on the free market.

Generally speaking, in the socialist countries today, there are two main types of prices: the first type is set by the state and the second type is set by business enterprises and the consumer. The first type consists of the specific prices of a number of important types of goods and the price scales, such as the one presented above. The second type is based on the principles of trade at price parity and negotiations between the two sides. It consists of contract prices and free prices. Contract prices are negotiated prices recorded in the contract signed between the buyer and the seller and are in effect for the length of the contract. Free prices are also negotiated but need not be recorded in a contract. Free prices are very flexible and dynamic.

In the Soviet Union today, under the light of the resolution of the 27th Congress of the CPSU, a planned reform of the price system is being carried out. The Soviet party and state "intend to make wider use of controlled prices and contract prices."(2)

The Soviet Union, as do the Eastern European socialist countries, attaches importance to the regulatory role of prices in economic processes. At present, in the absence of a new and complete price mechanism, the Soviet state is beginning to widely grant pricing authority for a number of types of goods to the republics, provinces, enterprises and federations of enterprises. At the same time, it is making widespread use of two factors: incentive price supports and price penalties.

Incentive price supports apply to highly reliable technical materials that are utilized with high efficiency, including a number of primary agricultural products and agricultural products sold over and above plan quotas. During the years from 1986 to 1990, the incentive price supports for cereal grains sold over and above the yearly average under the eleventh 5-year plan has been raised from 50 percent to 100 percent. At the same time, state farms, collective farms and agricultural enterprises which sell more products than required under their plan quotas are eligible to be sold automobiles, tractors, a number of agricultural machines and other necessary products (honey, livestock feed and so forth) by the state.

Price penalties (price reductions) apply to products which must be taken out of production. Any enterprise which produces machinery or equipment that is not highly efficient or does not keep pace with scientific and technical advances must accept a reduction in wholesale prices. Wholesale price

reductions are assessed from the date on which product quality is certified. A reduction of 5 to 15 percent is assessed during the first 3 years. If the agency on the upper level permits production to continue for 2 more years, a reduction of 30 percent is assessed. The enterprise must assume 70 percent of the losses incurred through price reductions. These losses must be compensated for by the enterprise's material incentive fund. These losses are not the responsibility of the state.

## II. The Relationship Between Prices and Value

Value represents the amount of necessary social labor and each product must be traded on the basis of its value. Value is broken down into production costs and profit. The realities of the economic development of all socialist countries have proven that production costs are steadily rising. As we know, the economy of the socialist countries is many times larger than it once was and has achieved a high level of technological development. However, even the socialist countries themselves must admit that, from one perspective, their rate of economic growth is still slower than that of the developed capitalist countries. Therefore, the socialist countries have been steadily expanding their trade with all countries of the world.

The value of the labor materialized in the goods of each country encompasses not only the cost of domestic supplies, raw materials, energy and so forth, but also the cost of imported supplies, raw materials, energy and so forth. At the same time, the prices of supplies, raw materials and energy on the world market, most importantly on the capitalist market, have been steadily increasing.

In order for prices to truly be in line with value, the socialist countries now consider the prices of supplies, raw materials and energy on the world market to be one of the bases upon which the prices of goods are formed. However, the model applied for this purpose differs from one country to another.

In Hungary, the prices of supplies, raw materials and energy on the world market, most importantly the capitalist market, are considered the primary basis upon which the prices of domestic goods are set. Basic enterprises pay the import prices of supplies, raw materials and energy. The prices of export goods are based on the demand for these goods on foreign markets.

In Bulgaria, the prices of imported supplies, raw materials and energy are considered the primary basis upon which the prices of export goods are set but not the basis upon which the prices of domestic goods are determined. The principal basis upon which the prices of domestic goods are determined is actual domestic production costs.

In Bulgaria, world market prices are charged to federations of enterprises but not to basic enterprises.

In Poland, Czechoslovakia and the GDR, prices on the world market are taken into consideration when setting the prices of both exports and imports. However, world market prices are not considered the primary basis upon which

other prices are set. When world market prices change, increases are not passed on immediately to enterprises, rather, prices are adjusted gradually. Cuba is also beginning to implement this model.

In the Soviet Union, the prices of imports and exports do not reach the federations of enterprises or enterprises, only the Ministry of Foreign Trade, where they are adjusted by the state.

Thus, every commodity production federation and enterprise of the socialist system of commodity production has been and is becoming a link in the commodity production chain of the entire world. The price system must insure balance between the prices of domestic goods and the prices of goods circulated on the world market. But this is only one aspect. The other aspect is that a reasonable price system must also insure an organic relationship between production prices and consumer prices. Only in this way can prices truly be a "lever" helping to create economic balance for each country.

The common trend in many socialist countries today is to bring consumer prices closer to production prices, that is, closer to their value. In other words, the prices of consumer goods are more in line with the conditions that produce them.

In previous years, in practically all the socialist countries, the prices of consumer goods were subsidized and consumer good prices were separated from production prices. For example, in the space of roughly 10 years (1969-1979), the Hungarian state spent nearly 50 billion forints subsidizing the prices of consumer goods (during these years, Hungary's population was only about 10.2 million). However, in the process of managing the economy, they recognized that the artificially low prices of consumer goods posed many drawbacks. These prices did not encourage enterprises to exceed their plans on the production of necessary consumer goods for society and sometimes even caused the market for certain consumer goods to evaporate. High quality goods liked by the people appeared slowly in state stores and in quantities that did not meet needs. These prices also caused wasteful consumption by the masses because they violated the principle of trade at parity prices and, to some extent, violated the law of distribution in accordance with labor. Consequently, since 1980, all countries have been gradually discontinuing consumer goods price subsidies and bringing the prices of consumer goods closer to the value of these goods, thus insuring relatively well coordinated movement between the prices of consumer goods and production prices. However, due to the specific economic conditions of each country, price subsidies have been maintained for some essential consumer goods that are directly related to the everyday lives of the people, such as grain, food products, medicine, children's toys...

One point deserving of attention is that the prices of consumer goods are rising in many socialist countries today. However, this rise in the prices of consumer goods is not having an adverse impact upon the standard of living of the people. Because, these prices are being raised in accordance with the following guidelines:

--Sudden price increases are not permitted;

--Price increases must be in line with increases in production prices and agricultural product procurement prices;

--Prices must increase at a rate slower than increases in the wages of cadres, manual workers and civil servants. For example, in Hungary, while the prices of consumer goods have risen by 5 to 9 percent, the nominal wages and supplementary nominal income of cadres, manual workers and civil servants have risen by 7.5 to 10 percent. At the same time, the Hungarian state continues to subsidize food products. Increases in the prices of consumer goods must help to create balance within the national economy.

### III. The Relationship Between Prices and Use Value

Value and use value exist together within a commodity. As a result, the price of a commodity is related not only to value, but also to use value.

While the category "use value" is considered to be one of the bases upon which the prices of goods are determined, it is not used as such in all socialist countries, only in those socialist countries that have a developed economy.

In a few socialist countries, such as ours, where commodity production has yet to develop, the relationship between supply and demand is always in a state of serious imbalance. Consequently, this gives rise to a situation in which the producer is able to impose prices and demand that society pay for his unreasonable production costs. Under these circumstances, there is clearly a lack of equality between the producer and consumer in trade at negotiated prices. The producer always has the upper hand, the consumer must absorb every cost.

In the Soviet Union and practically every Eastern European socialist country, use value is considered one of the factors that must be taken into consideration when setting prices. This approach is based in both theory and practice. From the standpoint of theory, the process of social reproduction consists of production-distribution-trade-consumption. Enterprises are unable to continue their process of reproduction if one of these four elements is not completed. At the same time, within the relationship of mutual control and influence between production and consumption, it is production that determines consumption. However, consumption has an important, reciprocal effect upon production and, at certain times and places, consumption plays the decisive role in production. In this case, the expenditure of necessary social labor is not the result of costs based on production conditions. It is a category of social reproduction and is directly dependent upon the various processes involved in social reproduction, most importantly consumption. The consumer thus plays the important role in the formation of prices. In practice, one not need be a researcher to see that the consumer only pays equal prices for products of equal value.

The above principle is widely applied by the Soviet party and state when setting agricultural procurement prices, the purpose being to encourage state farms and collective farms to produce many agricultural products of high

quality. The price support for wheat also varies from 20 to 100 percent of the basic procurement price.

Generally speaking, practically all socialist countries now recognize the regulatory role of the law of value under socialism. Large numbers of socialist economists assert that the function of the law of value is not much different under socialism than it is under capitalism. The law of value is the law governing the movement of prices. Prices not only reflect constant costs, but also reflect capital investments, deeply reflect the relationship between supply and demand... Value becomes prices on the market through the relationship between supply and demand. This is also the beautiful form of expression of the functioning of the law of value.

#### FOOTNOTES

1. The market, as used here, is a unified social market.
2. The Political Report of the CPSU Central Committee at the 27th Congress.

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FROM THE BOOKS AND NEWSPAPERS OF FRATERNAL COUNTRIES: ECONOMIC THEORY AND THE PRACTICAL ASPECTS OF THE RESTRUCTURING CAMPAIGN (\*)

Hanoi TAP CHI CONG SAN in Vietnamese No 6, Jun 87 pp 81-85

[Unattributed article]

[Text] Following the 27th Congress of the CPSU, the January (1987) plenum of the CPSU Central Committee once again stressed: without profound development of economic theory, it is impossible to carry out the restructuring of the economy, impossible to carry out the thorough reform of the economic management mechanism. In keeping with this spirit, the Editorial Board of KOMMUNIST recently invited a number of Soviet scientists and economists to express their thoughts concerning the current state of economic science and the prospects for its development.

Below are seven questions related to this topic posed to scientists and economists by the Editorial Board.

1. To what extent is economic science prepared to answer the very pointed questions raised by the 27th Congress of the CPSU?
2. Of the guidelines for the development of economic theory set forth by the congress, which specific guidelines do you think have been researched the least but are the most pressing, are the guidelines on which the efforts of scientists and economists must be focused?
3. The issue currently being faced is that of carrying out a revolutionary restructuring within the system of social relations. What is the nature of the revolutionary changes taking place in the system of production relations? In what sense can it be said that these changes not only relate to the thorough reform of the economic management mechanism, but also extend to the underlying structures of our economic life?
4. What role in the changes of a revolutionary nature within the economy must be played by improving the use of the groups of different production relations, especially improving the use of ownership relations, the law of planned development, the fundamental economic law, distribution in accordance with labor, the relationship between goods and money, the law of value, cooperation and private labor?

5. What is the essence of the argument on creatively applying Lenin's thinking on the grain tax in the current reform? Which factors in Lenin's conception of the new economic policy of the 1920's are still relevant today?

6. Full socialist economic accounting differs from incomplete socialist economic accounting--what does this mean from the perspective of economic-political theory? What lies at the heart of combining the shift of all elements of the economy to full economic accounting with the principles of centralized planning and management?

7. What is the new meaning of social fairness as it emerges in the process of the thorough reform of our entire economic life? What are the new theoretical views concerning the principles of social fairness, such as "from each according to his ability, to each according to his labor," the universality of labor and the common participation of workers in management on all of its levels? Does not the demarcation of certain boundaries in the economic classification of the members of society, of local and national organizations, demand the adoption of these new views?

Below are the replies to these questions by the director of the Institute of Economics of the Soviet Academy of Sciences and Soviet Academy of Sciences Press Officer L.I. Abalkin and the Director of the Institute of Economics and Forecasts of Scientific-Technical Advances of the Soviet Academy of Sciences A.I. Altrishkin.

L.I. Abalkin:

Question 1. ...The criticisms that the economic sciences are detached from life, from the demands of reality, are wholly justified and correct. Within the economic sciences, there is far too much textbook knowledge and far too many abstract structures. The tendency to make improvements slowly, to improve one element at a time, thus making too strong of an impact at some places, demands substantive changes, thorough changes.

The very rich materials accumulated through the realities of socialist construction and the profound changes occurring within the economy demand a truly creative breakthrough. Therefore, as pointed out by the 27th Congress of the Party, it is necessary to rebuild the social sciences, including the economic sciences.

However, while critically evaluating the work that has been performed in the economic sciences, most importantly in the field of the political economics of socialism, we cannot avoid another aspect of the issue, one which has almost become a principle. It is the desire to place upon the economic sciences the full responsibility for the negative phenomena and the imperfections of the economic management mechanism. Such thinking, which is quite prevalent among persons engaged in practical work, has not been entirely without harmful consequences. Moreover, it continues to be harmful thinking because it makes no attempt to analyze the underlying causes of negative phenomena and nurtures nihilism from the standpoint of theory.

Question 2: It is very difficult to arrange scientific issues by their order of importance...

Nevertheless, among the many issues we face, I attach foremost importance to analyzing the complex structure of ownership relations, the inherent interests associated with them and the varied economic forms through which these relations are implemented. I say this for two reasons. The first reason is the fundamental role which these relations play and the fact that, in the final analysis, the solution of the majority of the problems currently being faced depends upon researching the mechanism of social ownership in the socio-economic field.

The second reason is that our research into this matter is still weak. Frankly speaking, it does not meet requirements. In books and newspapers, ownership relations are described very crudely, as though they have but one dimension. There is a total lack of comprehensive concepts of their structure, of their first and second forms. Science has not answered the question of why socialist ownership is, more often than not, disconnected from the persons who are supposed to exercise this ownership and is considered to be "ownerless." And, why does an economy based on public ownership of the means of production manifest itself--regrettably, this phenomenon is not at all rare--as inefficient, inflexible and unresponsive to the new?

To be able to successfully follow the path of accelerating socio-economic development, it is necessary to clearly define ownership relations and the forms they assume in the full scope of their diversity, complexity and contradictions. And, on this basis, we must establish specific paths so that each worker and collective of workers knows who they are and acts as true owners, as the entities who own and manage the economy. Only in this way can we insure that the transition will be made to a more highly organized and efficient economy, one which combines serious rationalism with the humanism of social production.

Question 3: The characteristics of the revolutionary changes in socialist production relations are the depth, scale and thoroughness of changes for which the time has come. These changes affect not just individual elements or strata, but also the entire system of production relations, excluding none--from their external form to their underlying structure.

The political economics of socialism has proven--and this conclusion has been reaffirmed in the documents of the congress--that the improvement of production relations is achieved first by changing the forms, the methods and the mechanism of economic management.

Ordinarily, the majority of production relations and the different groups of production relations do not change directly, but through the improvement of the mechanism and methods of socialist economic management. In this way, and only in this way, is it possible to make fuller and more effective use of the economic laws of socialism.

Question 4: Here, there is the impact of a specific organizational principle: a chain is only as strong as its weakest link... This is why we are talking about the complete restructuring, the renovation of the entire system of socialist production relations.

Question 5: What is there of value to us in Lenin's theory concerning the NEP and the grain tax? To begin with, there is the methodology, the methods employed to analyze and select rational economic solutions... The founder of our party developed forms and methods of economic management which guaranteed the performance of strategic tasks and created the most favorable conditions possible for developing production forces and strengthening the ties among the various economic interests.

No economic form disappears before the development of the production forces for which this form created the conditions to develop. Likewise, no economic form can emerge before the necessary material conditions are established.

Question 6: In full economic accounting, the distinctive characteristics of economic accounting are seen in their most fully developed form and without any limitations whatsoever. Thus, in undeveloped economic accounting (not full), self-sufficiency only encompasses present economic activities. In full economic accounting, self-sufficiency is extended to the fields of expanded reproduction and retooling and takes the form of self-financing. In full economic accounting, the independence of enterprises as socialist commodity producers is independence in the form of "flexible economic management." Under economic accounting that is not full, it is independence in the developed form of self-management, which includes the field of strategic solutions.

In making the transition to full economic accounting, it is necessary to improve, in a well coordinated manner, the entire system of production relations and the economic management mechanism, in general. In particular, it is necessary to seriously restructure pricing and the credit-finance mechanism, necessary to develop commercial trade in the means of production. Therefore, this transition can only be made in the process of the thorough reform of the economic management mechanism.

Question 7: Touching upon this group of questions for a moment, I would like to especially emphasize the significance of the reform now under way as it relates to a turning point of the economy in social processes. The social results of these revolutionary changes in the economy are very positive. Of primary importance here is the achievement of a qualitatively new standard from the standpoint of our way of life, one which strengthens its worker base and develops, in every way possible, the attitude of being the master of work.

In the initial periods of accelerated development, there might be a significant increase in the disparities in income (income dependent upon the actual contribution of labor). This is also a reason for the various kinds of opposition by persons who are accustomed to receiving guaranteed welfare payments and have no need for any special enthusiasm.

A.I. Altrishkin:

Question 1: It must be recognized that the economic sciences and even the social sciences, in general, are not prepared to answer the questions raised by the 27th Congress of the Party or the January (1987) plenum concerning our entire process of development...

To successfully develop the economic sciences, there must be a social need and a political need clearly expressed in a profound and objective explanation of the current laws of economic development and their contradictions. There must be a need for scientific truth...

Light must be shed on the reasons why the economic sciences have been pushed down the path of always being behind the times, of describing and, more often than not, defending things in a superficial manner...

When the methods of economic management are administrative and bureaucratic, science need only create a theory to "dress up" these methods.

Attention must be given to analyzing the relationship and the mutual dependency between economic management methods and the economic sciences in the different stages of socialist construction...

It must be recognized that Soviet economic science (and, along with it, economic practice) has generally taken ideological directions that contradict the practical needs of development of socialist society.

Today, there is one major job that must be performed: to clearly distinguish between those things that are still principles which stem from the theory and methodology of Soviet economic science and those things that are guidelines which have become outmoded, are foreign or are purely subjective and dogmatic.

Coordinating the efforts of scientists and economists, regardless of the ministry to which they "belong," and orienting the research they conduct in the direction of supporting the practical needs of society--these are the tasks of utmost importance. What the status of Soviet economic science will be depends upon the performance of these tasks.

Question 4: Economic science also needs to take a new approach to researching the reciprocal impact among the law of planned development, the law of value, the plan and the market. For many decades, this interaction has been viewed mainly from a negative perspective, with the plan and the market being seen as opposites.

In our country, as well as the other socialist countries, a new conception of the forms and methods of achieving centralized management of the economy is emerging. Centralized management is now conceived as not only direct control in sectors of the economy that are absolutely necessary (national defense, new construction, development of the infrastructure, development of scientific potentials, the resolution of a host of social problems...), but also as the drafting and implementation of a common state plan by means of economic methods--on the basis of the planned regulation of finance-credit, prices,

long-range targets, etc. Thus, the relationships between goods and money are not in conflict with the state plan, but have become a method by which it is implemented, become an expression of centralism.

Clearly, under conditions in which the various forms of organization of production, ownership relations, finance, credit, prices and so forth are regulated in a planned manner, what occurs is not the formation and development of commodity-money relations "in general," but of socialist commodity-money relations, of the socialist market.

Thus, the relationship between "the plan and the market," between centralism and economic democracy, must be shifted in a constructive direction and adjusted to a certain extent "from head to foot" on the basis of the enormous changes in the country's economic management mechanism planned by the 27th Congress of the CPSU.

#### FOOTNOTES

\* KOMMUNIST (Soviet Union), No 5, 1987, pp 30-39.

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FROM THE BOOKS AND NEWSPAPERS OF FRATERNAL COUNTRIES: DOES SOCIALISM NEED COMPETITION?(\*)

Hanoi TAP CHI CONG SAN in Vietnamese No 6, Jun 87 pp 85-88

[Article by Dele Panterovich, doctor of economics, professor and collaborator of the Institute of Economics, the Soviet Academy of Sciences]

[Text] The main arena in the emulation among commodity producers will be markets. Of course, however, these are not spontaneous markets, but markets properly organized by the socialist state: markets in means of production, in consumer goods and in all types of services. Here, difficulties are unavoidable. For example, it is not at all a simple matter to establish a market in machinery with only one or two machine enterprises. The "CAM A3" Factory will surely not be divided into a number of combines simply for the purpose of having them emulate one another! But such situations do not generally occur. In the majority of the cases, each type product is produced by a number of enterprises. And, as a result, customers have a choice...

To be sure, choices will emerge not only within the field of consumer services, but even in the field of social services. For example, the network of general hospitals which practice economic accounting will be further expanded.

Enormous possibilities are opening as a result of the restructuring of foreign trade activities. The authority to directly export to foreign markets is now only granted to a number of enterprises. However, under the new draft law on enterprises (\*\*), ...every enterprise will be able to secure markets beyond the borders of our country.

The role played by emulation will be very large in the field of labor relations. It is very important, and likely, that the new draft law on enterprises provide for the election of the enterprise leader. Together with emulating one another to achieve higher labor productivity, it is inevitable that there will be emulation among workers to secure better working conditions and higher wages. There will be additional incentives to do better work and raise one's occupational standards. On the other hand, enterprises will begin to emulate one another in attracting more highly skilled workers. This form of emulation is already quite intense in a number of areas.

It can be said that, in the years ahead, emulation must permeate the entire field of economic relations. And, only under these conditions can the enterprise achieve full independence, heighten its spirit of responsibility and display initiative and socialist resourcefulness.

But there are some concerns: will the development of economic emulation cause the negative consequences commonly associated with competition, such as ungoverned production, unemployment or the destruction of some of the products produced in order to maintain high prices? Here, it must be very clearly stated that not all kinds of competition cause these consequences. They are caused only by private capitalist competition, by competition that is not controlled by the laws and conditions of a socialist economy, that is, the laws and conditions of protecting the interests of society.

It is regrettable that our economic science has closely associated the term "competition" with "private capitalism" and turned competition into some kind of monster. In actuality, however, everyone knows that even under capitalism, while competition is cruel, inhumane and harmful to society, it also produces important positive results: it helps to accelerate the advancement of science and technology, raise labor productivity, improve product quality and save materials. The fear of losing in competition exerts strong pressure. Under this pressure, businessmen will quickly develop new products, improve product quality, reduce production costs and sometimes even lower prices.

I am confident that, under the conditions of a socialist economy, the harmful social consequences of competition will be overcome and that its positive impact upon the economy will be maintained. Of course, this will not occur spontaneously or automatically. And, to the extent that the mechanism is not reorganized, we will continue to encounter difficulties...

It is clear that under the new conditions of economic management, planning and management agencies, after being liberated from their preoccupation with the trivial details of providing professional guidance, will be better able to maintain rational ratios within the economy, better able to achieve compatibility between the products produced and actual needs and better able to balance sources of labor and the places where jobs are.

It might be necessary, in a number of individual cases, to reduce the number of persons working, if not to close an enterprise which is unable to successfully compete with other enterprises and has operated at a loss for a long period of time. The new draft law on enterprises contains provisions which provide guarantees to persons working at enterprises that must be closed.

A serious analysis shows: the harmful consequences to socialism that might result from competition are less than the consequences of not practicing emulation and the consequences of having economic management cadres who do not possess the professional skills needed to utilize the capabilities associated with emulation.

I consciously use the term "socialist competition." I see no reasons why this term cannot be acknowledged by everyone--just as the terms "socialist

commodity-money relations" or "the socialist market in means of production" are acknowledged.

Of course, the question is not only one of terminology. Economic emulation has yet to undergo the necessary development. The primary cause of this situation is the weaknesses within the economic management mechanism... As long as suppliers and customers are closely "tied" to enterprises, as long as the price and level of production of each type product are rigidly set for enterprises, as long as ceilings on capital investments, the wage fund and economic incentives are not based on the results of economic activities, but on the level achieved and the "persistence" of the director, in summary, as long as the enterprise does not possess true independence, economic emulation truly cannot be developed.

We must take the steps that are necessary to establish the new economic mechanism and insure that our country has merchants, Soviet merchants, who know how to assess needs and satisfy the consumer, how to guarantee that the revenues generated by economic accounting are received and rationally distributed. Enterprise leaders and consumers alike need to adopt a new style of thinking, a style which can only emerge when the consumer truly has a choice, when the consumer, not the supplier, plays the decisive role and can, as a result of understanding the issue, determine supply conditions.

The thinking concerning economic emulation might be distorted if equal conditions are not provided for the persons participating in emulation. Regardless of the kind of enterprise--be it small or large, be it a state or cooperative enterprise--full attention must be given to meeting their requirements concerning production sites and markets, raw materials and supplies, loans and so forth. The same must be done for persons who earn their livings privately. It is also necessary to insure uniformity in the methods employed to determine the wages of cadres and personnel, product prices, profit margins and the standards on the distribution of profits between the enterprise and the state.

The new draft law on enterprises contains a list of the principle tools that will be used by the state to develop emulation. They are: planning; holding design and production contests; finance-credit levers and prices; and circumscribing the monopolistic position of producers. In my view, the scope of the emulation relations set forth within the draft law could be broadened were a number of amendments to be made to this draft. The draft does not fully reflect the relationships between the enterprise and its cadres and personnel concerning hiring, firing and changing one's place of work. A reasonable consideration here is the possibility for making widespread use of the selection examination policy in cases which involve changing one's place of work, a policy that is currently being applied by a number of enterprises.

In conclusion, I would like to say that establishing emulation and competition is not an easy task. Clearly, as we perform this task, we will encounter opposition from persons who are accustomed to holding a monopoly, not a monopoly based on a better quality of product or service, on a diversity of products or services or on reducing prices and keeping commitments, but a monopoly based on administrative coercion. To overcome this opposition, it

will be necessary to employ all available legal, economic, organizational and educational measures in order to turn economic emulation into one of the important forms of socialist production relations.

#### FOOTNOTES

\* MOSCOW NEWS, No 11, 15 March 1987, p 12.

\*\* "The Law on State Enterprises (Production Combines)" is currently being presented to all citizens of the Soviet Union for discussion.

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